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ABSTRACT

About half of the first part of a 4-part compendium of information about low income assistance programs is presented in this document (the rest of part 1 and the other 3 parts of the compendium are presented in volume 3 of supplement 1 of this series). Part 1 contains detailed information about 59 major federally supported public assistance programs, each of which spent annually over $20 million in fiscal year 1985, and applied a means-test to determine eligibility. Generally the means-test measured income, and sometimes other resources, against a maximum or ceiling. The 59 programs are divided into 7 categories, of which the first 3, Cash, Food, and Housing, make up the content of this volume. (The other 4 categories are Health, Services, Employment, and Education.) The introduction to part 1 contained in this volume provides various kinds of background information, including methods used to compile the data, the organization of the materials, and the structure of the program descriptions. The pattern is essentially the same in all cases, beginning with a program summary, going on to cover administration, objectives, eligibility, benefits and services, program linkage and overlap, and legislative environment, and ending with a series of data tables. The volume also contains a general introduction to the compendium as a whole. (AA)

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UP FROM DEPENDENCY

A New National Public Assistance Strategy

SUPPLEMENT 1

NATIONAL PUBLIC ASSISTANCE [illegible]

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VOLUMES IN THE SERIES

Up From Dependency - A New National Public Assistance Strategy, Report to the President by the Domestic Policy Council, Low Income Opportunity Working Group (December 1986)

Supplement 1: The National Public Assistance System

Volume 1: An Overview of the Current System (December 1986)

Volume 2: A Compendium of Public Assistance Programs - Major Federal Cash, Food, and Housing Programs (September 1987)

Volume 3: A Compendium of Public Assistance Programs - Major Federal Health, Service, Employment, and Education Programs; Other Federal Low Income Grant Programs; Federal Low Income Loan Programs; Expenditures By State and Local Low Income Assistance Programs (September 1987)

Supplement 2: Experiments in Reform (Planned)

Supplement 3: A Self-Help Catalog (December 1986)

Supplement 4: Research Studies and Bibliography (Planned)

Supplement 5: The Dilemma of Dependency (Planned)

Note: Other Supplements are being planned.

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Acknowledgements

This compendium of low income assistance programs is the product of the cooperation of many federal agencies which administer the programs included here, and the voluntary efforts of 33 states, the District of Columbia, and the Commonwealth of Puerto Rico, to create a complete picture of the range of programs providing aid to low income individuals and families. The principal editors were Peter Germanis and Richard Bavier. At key points in the completion of the document, Martha Amorosi supervised production. Duke Wilson wrote the introductory program summaries which appear at the beginning of the descriptions of each of the 59 major federally supported public assistance programs, and the summaries of the other low income grant programs and loan programs in Part Two and Part Three. Justine Fath Hausburg edited the format of the tables of data for each major program. Marshall Boarman developed the questionnaire to states concerning spending for low income programs not required to obtain federal matching funds, and edited the data included here in Part Four. JoAnn Dubetz, Margaret Moore and Vivian Smith all devoted great effort to the production of the document.

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SUPPLEMENT 1, VOLUME 2

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Introduction to the Compendium

This compendium of information about low income assistance programs is divided into four parts:

Part One - 59 Major Federal Public Assistance Programs
Part Two - Other Low Income Assistance Grant Programs
Part Three - Low Income Loan Programs
Part Four - State Low Income Assistance

Part One contains detailed information about the 59 major federally supported public assistance programs which are the focus of the report to the President, Up From Dependency: A New National Public Assistance Strategy, and An Overview of the Current System, Volume 1 of Supplement 1 to that report. (This compendium of programs constitutes Volumes 2 and 3 of Supplement 1.) The programs on the list of major public assistance programs were those with annual spending over $20 million in FY 1985 which applied a means-test of some kind to determine eligibility or benefits. Generally, the means-tests measured income, and sometimes other resources, against a maximum or ceiling. However, the line was not always easy to draw in a way which gave a full picture of the current system and its history. For example, the Special Milk Program was included as a major program, although its FY 1985 funding was only $16 million, because program funding had reached over $100 million at its peak. Grants to Local Education Agencies for Educationally Deprived Children targets funding based upon the income of families in school districts, then applies tests to individual students to determine whether they are "educationally deprived." The Social Services Block Grant consolidated some programs which were means-tested and some which were not, and that pattern continues for the programs funded by the block grant. The Indian Health Service, which provides services without an individual means-test, parallels Medicaid coverage for Indian General Assistance recipients not covered by Medicaid.

Part Two contains summary descriptions of 31 other federally supported grant programs, including some smaller means-tested programs and other grant programs which ordinarily do not require that recipients pass a means-test, but in some way target funds for areas or population groups regarded as low income.

Part Three contains summary descriptions of 11 loan programs targeted for low income people.

Part Four contains information submitted voluntarily by 33 states, the District of Columbia, and the Commonwealth of Puerto Rico, about low income assistance spending not required to obtain federal matching funds.

Introduction to Part One

To compile information about the 59 major means-tested programs, the Low Income Opportunity Working Group requested that federal agencies administering the various programs complete a detailed questionnaire for each program. The questionnaire covered a wide range of program information, but concentrated upon the way in which the program treated other sources of income and the way it interacted with other programs. The information should be current, except where noted. The questionnaires were completed first in the Spring of 1986. They were reviewed and updated by the agencies in the Spring of 1987 and reviewed by the Office of Management and Budget in July of 1987. In addition, the questionnaire asked the agencies to provide detailed information about benefits, numbers of recipients, and administrative costs by state for FY 1984 and FY 1985. Spending and numbers of recipients for FY 1960 through FY 1985 also were requested.

While the responses were edited to create this compendium, they still reflect the variety of expressions and conventions of the various contributing agencies. Uniform use of technical terms was sought, but this compendium is clearly the product of those agencies with expertise in administering the 59 programs. Several general points may be made in this regard.

Organization

Part One is organized by what is usually termed `function.' Programs are grouped together by the kind or purpose of the benefits they provide. The groupings are Cash, Food, Housing, Health, Services, Employment, and Education programs. Within the functional categories, the programs are grouped by the total of their expenditures for FY 1985, including federal spending and state spending required for federal matching funds. This duplicates the order in which the programs are listed on Table 1 in Up from Dependency and Volume 1 of Supplement 1. The list of programs in the order of Table 1 serves as the table of contents for Part One. The Indian Housing Improvement Program and the Emergency Food and Shelter Program, which were omitted inadvertently from among the housing programs in Table 1, are included here.

Each program description has essentially the same structure. Where information needed to complete a section of the description was not available, that section is omitted. The numbering of subsequent sections is not affected. For example, historical spending and recipient data always appear as Table XI, even though, in a few instances, programs were unable to provide data state-by-state, and so have no Tables VIII, IX, or X.

Innovative Practices

Section VII.F. in the program descriptions includes innovative practices. The responses from the agencies administering the 59 major programs provided considerably more examples than are included in this final version. The examples retained generally fit either of two criteria. Innovations reported here either aimed to increase the self-sufficiency of recipients, and reduce their dependency on welfare, or to reduce the tangle of program rules and overlap of program authorities. These particular objectives are central to Up From Dependency. On the other hand, a wide array of innovative practices related to efficiency of administration and other worthwhile ends is omitted.

Audits and Quality Control

The Single Audit Act of 1984, Pub. L. 98-502, takes precedence over most of the audit requirements included in specific program statutes and sometimes summarized below in II.H. The Single Audit Act provides for uniform audit requirements for audits of federal financial assistance programs. It requires states to conduct annual independent audits of all federal assistance received, effective the first grantee fiscal year beginning after December 31, 1984. Under some conditions, the audits may be biennial rather than annual.

The audits must determine whether the financial statements of the local or state government agency receiving funds fairly represent its financial position, and whether the agency has complied with the laws and regulations which may have a material effect upon its financial statements. A representative sample of transactions must be tested for each major federal assistance program. The statute defines `major Federal assistance program' in relation to the total federal assistance program funds the agency receives. The transactions of all federal assistance programs which are not major programs must be tested by a representative sampling of the agency's total transactions. Audits of government entities spending less than $100 thousand generally still follow audit requirements in the statutes authorizing the program funds. Entities receiving less than $25 thousand are exempt from audit requirements, but must maintain required records concerning the financial assistance received.

The quality control requirements applicable to AFDC, Medicaid, and Food Stamps are not superceded by the Single Audit Act. In addition, many program statutes require the administering federal agency to undertake program and compliance reviews of grantees which are independent of the provisions of the Single Audit Act.

Counting Income

The interaction of means-tested programs is described in Sections IV and VI for each of the programs in Part One. Generally speaking, means-tested programs count cash income, including cash public assistance, when determining eligibility and benefit levels. In a few cases, in particular the training programs under the Job Training Partnership Act, cash welfare benefits are specifically excluded from consideration in income tests of eligibility.

As a rule, the non-cash benefits provided by means-tested programs are not counted in determining eligibility and benefit levels. There are a few exceptions, though they are not numerous or very significant in terms of numbers of recipients or dollars involved. By law, AFDC is permitted to count the value of Food Stamps and housing subsidies, but no states count Food Stamps, and only a few count housing subsidies. A few non-cash food programs prohibit participation in other specific non-cash food programs, such as the Special Milk Program usually not being available where the National School Lunch Program is available, and prohibition against participation in both the WIC and Commodity Supplemental Food Program at the same time. The Community and Migrant Health Center programs fund operations of the centers by making up the difference between costs and reimbursements from other sources, including Medicaid. And, indirectly, the excess shelter deduction in the Food Stamp Program takes into account the effects of housing subsidies. Deductions from income for excess shelter costs in the Food Stamp program are permitted when out-of-pocket expenses exceed 50 percent of income. Housing subsidy programs keep such out-of-pocket expenses below that level, so housing subsidy recipients are not eligible for the Food Stamp deduction.

Typically, the exclusions of non-cash benefits are required by provisions in the statutes authorizing the benefits which are not to be counted, rather than in the statutes of all the programs which may not count those benefits. For example, see 17 U.S.C 2017 (b), 42 U.S.C. 1780 (b), 42 U.S.C. 1761 (h)(3), 42 U.S.C. 8612 (c)(1) and 42 U.S.C. 602 for exclusions pertaining to the Food Stamp Program, WIC, school lunches and breakfasts, Low Income Home Energy Assistance, and housing subsidy programs, respectively.

Similarly, a general pattern can be described for the paragraphs relating to overlapping authorities in Section VI of each description. As a general rule, the same person is not eligible for two means-tested cash programs at once. Different members of the same family or household may participate in different cash assistance programs. However, it is the rule that persons and families receiving cash aid intended to cover basic needs also are eligible for non-cash benefits providing for some of the same needs. Pages 66 through 70 in Volume 1 of Supplement 1 sketch the various ways that non-cash benefits are intended to supplement cash benefits and each other.

Legislation and Regulations

Summaries of legislative and regulatory history appear in Section VII for each program. As a rule, the summaries are not exhaustive. Only significant legislation and regulations which went beyond simply implementing legislative changes are included.

Tables

The agencies were requested to provide outlays for years 1960 through 1985. Some provided other measures of spending, which are noted in Table XI. However, state-level spending, including specific estimates for benefits and administrative costs, is available as obligations, allocations, or other measures of spending, but not outlays. As a result, the United States totals for FY 1984 and FY 1985 at the top of Tables VIII. A. and VIII. B. often do not agree with the FY 1984 and FY 1985 national figures on Table XI.

Unless noted otherwise, blanks in the tables indicate that data are not available. The rounding protocol was that of the Lotus 123 software used to produce the tables.

Volume 1 of Supplement 1 includes an Appendix of historical data for the 59 major means-tested programs. In editing the historical data in Table XI, several mistakes in this earlier database were corrected. In the aggregate, the effects of the corrections are extremely small. In using the tables in the Appendix to Volume 1, readers should note the following corrections: Emergency Assistance to Needy Families, state spending levels for years prior to the 1973 change in federal matching rates; Job Corps, FY 1972; Senior Community Service Employment, state funds were not lined up with the correct years; Student Support Services, FY 1985; Grants to LEAs, FY 1980-85.

Spending for the Legal Aid program was omitted by error from the program tables in the Appendix to Volume 1. The spending for Legal Aid was included in the totals for the Services function in the Appendix. Historical spending is included in Part One, Table XI, for Legal Aid.

Finally, the Appendix to Volume 1 tried to identify all the programs for which the historical spending data were in some form other than federal outlays. In preparing program data for this compendium, it was found that additional programs should have been listed among those for which historical data takes the form of appropriations, obligations, grants, or some other measure besides federal outlays. Table XI for each program identifies the measure used.

AID TO FAMILIES WITH DEPENDENT CHILDREN

I. PROGRAM SUMMARY

The Aid to Families with Dependent Children (AFDC) program encourages the care of dependent children in their own homes by providing cash to needy families that have been deprived of parental support. Operating within broad federal guidelines, states administer or supervise AFDC programs and set standards used to determine need and payment. Local offices serve as the contact point for applicants and apply statewide standards to make eligibility determinations.

In FY 1985, some 10.8 million persons received AFDC benefits in an average month for an annual total of about $16.8 billion; 3.7 million families received an average monthly benefit of about $322. The AFDC program is funded under a matching formula that varies according to the state's per capita income; the minimum federal share is 50 percent and the maximum is 83 percent.

To qualify for AFDC benefits, a child under age 18 who is living with a close relative must be deprived of parental care and support due to the death, incapacity, or continued absence of a parent, or, at state option, the unemployment of a parent who is the principal earner. The countable income and assets of the applicant's household must also fall below the state's limits and able-bodied individuals, including mothers whose youngest child is at least six years old, must register for WIN or other state work programs. The law also requires that AFDC recipients assign their child support rights to the state and cooperate with welfare officials in establishing paternity and obtaining support payments.

The cash assistance is provided to, and takes into account the needs of, the parent or other caretaker relative. All AFDC recipients are automatically eligible for Medicaid and most are also eligible for the Food Stamp Program. Because AFDC is designed to encompass all basic needs, the program overlaps with several other needs-based programs that serve families with children.

The AFDC program was originally enacted as Title IV of the Social Security Act of 1935. The original law limited AFDC to needy children in one-parent homes, unless the second parent was incapacitated. In 1961, however, the law was changed to permit states to provide benefits to intact families with an unemployed father. About half of the states have adopted the AFDC-UP (unemployed parent) option and about 8.7 percent of the national AFDC caseload now qualifies for benefits under the provision.

II. ADMINISTRATION

A. Program name: Aid to Families with Dependent Children.

B. Catalog of Federal Domestic Assistance No.: 13.808
Budget account number(s): 75-1501-0-1-609.

C. Current authorizing statute: Title IV-A of the Social Security Act. 42 U.S.C. 601-615.

D. Location of program regulations in the Code of Federal Regulations: 45 CFR 200-282.

E. Federal administering agency: Office of Family Assistance, Family Support Administration, Department of Health and Human Services.

F. Primary grantee (if any) receiving program funds to provide benefits: States.

G. Subgrantee (if any) receiving program funds to provide benefits: Counties.

H. Allocation of federal funds.

AFDC funds are allocated to states based upon a statutory formula and are open-ended.

State program costs are matched at differing rates based on a formula which compares state per capita income to national per capita income. The statute limits Federal Financial Participation (FFP) to no less than 50 percent and no more than 83 percent. Currently, FFP for program costs ranges from 50 percent to 79.65 percent. The average rate is approximately 54 percent.

FFP for administrative costs is generally provided at 50 percent. However, 90 percent FFP is provided for the development of AFDC data systems that meet requirements established by HHS.

I. Role of state and local governments in administering the program.

The AFDC program is a state-administered program operated under broad federal guidelines and program requirements. To receive federal funding for the AFDC program, a state must enter into an agreement, via a state plan, with the federal government. In the provisions of its plan, a state must:

- Establish or designate a single state agency to supervise or administer the plan;
- Ensure that the plan is in effect in all political subdivisions of the state;

- Provide for financial participation under which the state pays 50 percent of administrative costs and a portion of benefit costs, which are determined by formula;

- Assure that the program's administration is in conformity with all federal statutes and regulations;

- Prepare and submit reports as required by the Secretary.

Within the terms of this agreement, states may exercise certain options to determine how the AFDC program is administered, who is eligible, and how much assistance eligible persons will receive. A state may elect to have the program administered centrally (state administered) or to have the program administered locally (state supervised). In states in which the program is locally administered, local governments may bear some of the state's funding responsibilities. In either case, the role of the single state agency is similar. The state agency is responsible for issuing regulations and for promulgating procedures which are consistent with federal regulations. It establishes the administrative standards for operating the AFDC program and monitoring its operation, and, in turn, places responsibility on the local agency for the proper administration of the program. Whether the AFDC program is state administered or state supervised, the local agency administrator is responsible for establishing and maintaining administrative practices consistent with state regulations. The local agency is the contact point for the applicant in need. It must:

- Apply the AFDC eligibility requirements properly;

- Maintain and report all facts material to an eligibility decision;

- Provide applicants, recipients, and others with clear information about the AFDC program;

- Act promptly on an application for AFDC;

- Provide reports as required by the state agency.

J. Audit or quality control.

Standards for AFDC administrative cost efficiency have not yet been established. However, administrative costs have been disallowed as a result of financial management reviews. These reviews determine whether administrative costs are eligible for federal financial participation. In FY 1985, the Office of Family Assistance (OFA) disallowed $7,521,987 in federal reimbursement for administrative expenditures.

Additionally, the federal government has stringent standards regarding the issuance of correct payments to eligible individuals. In January 1980, the Department issued regulations (1) implementing the Michel amendment, which established that federal matching would not be available for erroneous AFDC expenditures in excess of established targets. In accordance with the statute and the implementing regulations, states had to reduce their error rates from the level of the April-September 1978 base period to 4 percent by FY 1983 or incur a disallowance of federal funding for erroneous payments in excess of the established target rate. The passage of the Tax Equity and Fiscal Responsibility Act (TEFRA) in 1982 lowered the acceptable error rate standard from 4 to 3 percent for FY 1984 and thereafter.

In FY 1984, the national average AFDC payment error rate was 6 percent. The payment error rate is defined as the dollar amount of incorrect assistance payments (overpayments and payments to ineligibles) a state has made, expressed as a percentage of the state's total assistance payments. It is based on a statistically reliable sample of cases. The 6 percent payment error rate in FY 1984 amounted to $865,923,139 in overpayments and payments to ineligible families. In the same year, underpayments and failure to pay eligible families equaled $74,530,206.

The Secretary of Health and Human Services has the authority to waive disallowances in "certain limited cases" and under "extraordinary circumstances." All disallowance-liable states for FY 1981 applied for such a waiver. After an extensive review of the waiver requests, six states -- Utah, Vermont, South Carolina, New Jersey, Maryland, and Arizona -- were granted full waivers. Twenty-two other states are currently appealing the disallowances to the HHS Departmental Grant Appeals Board. Potential disallowances for these three years are estimated to be $508 million.

On April 7, 1986, passage of the Consolidated Omnibus Budget Reconciliation Act (COBRA) imposed a two-year moratorium on the collection of any subsequent AFDC disallowances. During this time, both HHS and the National Academy of Sciences will study the system and recommend changes in it. HHS is to then publish regulations to implement appropriate study recommendations. However, during the moratorium, the states and HHS must continue to do quality control reviews and calculate error rates.

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1 Implementing regulations are found at 45 CFR 205.42.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The primary purpose of the AFDC program is to encourage the care of dependent children in their own homes or in the homes of close relatives. A further purpose of AFDC is to help parents or other caretaker relatives attain or retain their maximum degree of self-sufficiency. To achieve these goals, assistance is provided for needy children deprived of parental support and care by reason of a parent's death, continued absence from the home, incapacity, or, at state option, unemployment of the parent who is the principal earner. In addition, funds are provided for the parent or other relative with whom the child is living.

B. Allocation of program funds among activities

There is no specific statutory requirement or limitation regarding allocation of funding in the AFDC program. Federal Financial Participation (FFP) is available based on an open-ended formula for program costs and for administrative costs which the Secretary considers appropriate for the proper and efficient administration of the program.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

AFDC benefits are available for each dependent child and the adult caretaker relative(s) with whom the child resides.

To be considered a dependent child under the Act, the child must be deprived of parental care or support due to the death, incapacity, or continued absence of a parent, or, at state option, the unemployment (working less than 100 hours in a month) of a parent who is the principal earner. (Families eligible based on this option are described as Unemployed Parent (UP) or AFDC-UP cases. Families eligible under the first three criteria are often, by contrast, called AFDC-Basic cases.)

In addition, the child must be under the age of 18, or, at state option, under the age of 19 and a full-time student attending secondary school (or an equivalent level vocational or technical school) and who is expected to complete school before his or her nineteenth birthday.

The child must live with a relative of specified degree as defined in the Social Security Act. Children not living with a relative are not eligible for AFDC.

Each application on behalf of a dependent child must include his or her natural or adoptive parent(s) and blood-related and adoptive siblings who are living in the same household and otherwise eligible for assistance. Together, they are termed the assistance unit.

B. Income eligibility standards.

The AFDC program has a three-step process for determining financial eligibility and the amount of benefits. First, a family's total income must be measured against 185 percent of the state's need standard. This is commonly called the "gross income test." Certain types of income are disregarded for purposes of determining total family income. The following disregards are applicable to gross earned income:

- With respect to self-employed applicants and recipients, states are required to deduct essential expenses from the gross receipts. Essential expenses are those business expenses directly related to producing the goods or services and without which the goods or services could not be produced. (Items such as depreciation, personal business and entertainment expenses, personal transportation, purchase of capital equipment, and payments on the principal of loans for capital assets or durable goods are not classified as business expenses.) States have the option to establish a flat amount for business expenses which may be offered to the applicant or recipient. However, if the person can document essential expenses in excess of the flat amount, the higher amount must be allowed.

- States have the option to disregard all or part of a dependent child's earned income for up to six months per calendar year, when the income is derived from participation in a program under the Job Training Partnership Act (JTPA). Since October 1, 1984, states have also had the option to disregard a dependent child's earned income from any source for up to six months per calendar year, if the child is a full-time student.

- States have the option to disregard income earned under the College Work Study program, on the basis that the earnings are for educational purposes.

If the family's total income exceeds 185 percent of the need standard, the family is ineligible for assistance.

However, if the family's income is at or below this limit, the second step is to compare countable family income with the state's need standard. This step is commonly called the "determination of need." If the family's countable income, after certain disregards (described below) are applied, exceeds 100 percent of the need standard, the family is ineligible for assistance. The third step is to compare countable income against the state's payment standard -- which may be lower than the states's need standard -- to determine the amount of benefits.

With respect to the second and third steps, in addition to three disregards applicable to the gross income test, the following must also be deducted from gross monthly earned income, in the order listed, to determine countable earned income:

- Any earned income of a dependent child who is a full-time student, or who is a part-time student but not employed full-time;
- A standardized amount of $75 from each person's earned income for work expenses;
- Actual dependent care expenses (not to exceed $160 per child or incapacitated adult) for the necessary care of dependents while a member of the family is working full-time (a lesser amount must be set by the state for those working part-time);
- $30 and one-third of the remainder from each person's earned income for the first four consecutive months of earnings. After this period, a $30 deduction is available for eight more consecutive months. The $30 and one-third and the $30 disregards cannot be applied to the person's earnings again until the person has not received AFDC for twelve consecutive months.

The student disregard and the $30 and one-third disregards cannot be used to determine need (step 2), unless the family received AFDC in at least one of the prior four months. Data for FY 1983 on cases with earned income and with earned income disregards are shown below.

Table 1.

Cases with Earned Income by Amount of Earned Income
Data for FY 1983

Amount	Percent of Cases
$ 1- 50	11.9%
51-100	14.8%
101-150	12.6%
151-200	11.1%
201-300	18.3%
301-400	12.3%
401-500	7.5%
501-600	6.1%
601-700	2.3%
701-800	1.7%
over 800	1.3%

Mean = $247
Median = $200
Percent of total caseload with earned income = 5.7%

Table 2.

Cases with Earned Income by Amount of Disregards
Data for FY 1983

Amount	Percent of Cases
$ 1- 50	26.9%
51-100	32.6%
101-150	15.8%
151-200	10.0%
201-300	10.1%
301-400	3.5%
over 400	0.9%

Mean = $114
Median = $ 75

Effective October 1, 1984, three changes were made that could make these measures different for FY 1984:

- The full $75 disregard for work expenses was extended to part-time workers;
- The $30 earned income disregard was extended for 8 months beyond the expiration of the 4-month $30 and one-third earned income disregard;
- The gross income limit was raised from 150 percent of the need standard to 185 percent.

It is expected this would tend to result in small increases in measures of average earnings, average disregards, and the percentage of AFDC recipients with earnings for FY 1984.

Certain types of unearned income are completely excluded from consideration in the AFDC program. Beyond these total exclusions, there are no unearned income disregards analogous to the AFDC earned income disregards. Thus, income which is not completely excluded is counted dollar-for-dollar in determining eligibility and payment, and increases in countable income would affect payment on a dollar-for-dollar basis.

The following cannot be counted either in determining need (the 185 percent of need test and the 100 percent of need test) or payment:

- Loans and grants obtained and used under conditions that preclude their use for current living costs;
- Any grant or loan to any undergraduate student for educational purposes made or insured under any program administered by the Secretary of Education under the Higher Education Act;
- Home produce utilized for household consumption;
- The value of USDA donated foods (Surplus Commodities);
- Any payment received under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
- Payments for supportive services or reimbursement of out-of-pocket expenses made to individual volunteers serving as foster grandparents, senior health aides, or senior companions, and to persons serving in the Service Corps of Retired Executives (SCORE) and Active Corps of Executives (ACE) and any other programs pursuant to Titles II and III of the Domestic Volunteer Service Act of 1973;

- Payments to Volunteers in Service to America (VISTA). Effective March 18, 1986, this disregard is not applied when the Director of ACTION determines that the value of all such payments, adjusted to reflect the number of hours such volunteers are serving, is equivalent to or greater than the minimum wage then in effect under the Fair Labor Standards Act of 1938, or the minimum wage under the laws of the states where the volunteers are serving, whichever is greater;

- The value of supplemental food assistance under the Child Nutrition Act and the Special Food Service Program for Children under the National School Lunch Act, as amended;

- Tax-exempt portions of payments made pursuant to the Alaska Native Claims Settlement Act (ANCSA);

- Income and resources of individuals receiving SSI benefits for the period during which such benefits are received;

- Any amount which is disregarded in determining the eligibility and amount of aid or assistance for any individual under a state plan approved under any other public assistance program under the Social Security Act;

- The first $50 collected on a monthly child support obligation;

- Receipts distributed to members of certain Indian tribes, which are referred to in Section 5 of Pub. L. 94-114;

- Any amounts paid by a state IV-A agency from state-only funds to meet needs of children receiving AFDC, if the payments are made under a statutorily established state program which has been continuously in effect since before January 1, 1979;

- Benefits paid to eligible households under the Low Income Home Energy Assistance Act of 1981;

- The $30 monthly incentive and reimbursement of training-related expenses made by the manpower agency to any participant in institutional and work experience training programs under the Work Incentive (WIN) Program.

The following may be disregarded in determining eligibility and benefit levels if the state so elects:

- Assistance from other agencies and organizations if the assistance is for a different purpose, or for goods and services not provided in the state's standard of assistance, or if the state agency does not meet its standard of need. No duplication shall exist between assistance provided by other agencies and that provided by the public assistance agency;

- The value of the monthly allotment of Food Stamp coupons;
- The value of public housing or rent subsidy;
- Any unearned income of a dependent child when the income is derived from participation in a program under the Job Training Partnership Act (JTPA);
- Support and maintenance assistance (including home energy assistance) furnished on or after October 1, 1984, and before October 1, 1987, which has been certified by the state as provided on the basis of need and either is furnished in-kind by a private nonprofit organization, or is furnished in cash or in-kind by an entity providing home energy whose revenues are derived on a rate-of-return basis regulated by a state or federal governmental body, or any supplier of home heating gas or oil, or a municipal utility providing home energy. This same policy was in effect prior to FY 1984;
- Prior to March 18, 1986, casual and inconsequential income (whether earned or unearned) as defined by the state. Effective March 18, 1986, casual and inconsequential income is limited to small, nonrecurring gifts, such as those for Christmas, birthdays, and graduations, not to exceed $30 per recipient in any quarter of a year;
- Prior to March 16, 1986, states were permitted to allocate (i.e., set aside without counting) an individual's income for support of his dependents. The remainder, after allocation, is treated as unearned income. States defined which dependents were covered. The amount allocated could not exceed the total amount of the person's need by the state's need standard. Effective March 16, 1986, the deduction was limited to cover only the person's own support, other individuals living in the same household but not receiving assistance, and other individuals living in another household, if such other individuals could be claimed by the recipient as dependents for determining federal personal income tax liability, or if the recipient is legally obligated to support that individual. The amount allocated for the recipient and the other individuals who are living in the home must not exceed the state's need standard amount for a family group of the same composition. The amount allocated for individuals not living in the home must equal the amount actually paid;
- Any in-kind benefits.

Table 3.

Cases with Unearned Income by Amount
Data for FY 1983

Amount	Percent of Cases
$ 1- 50	16.0%
51-100	16.2%
101-150	11.5%
151-200	9.1%
201-300	21.5%
301-400	13.8%
401-500	6.4%
501-600	2.8%
601-700	1.3%
701-800	1.1%
over 800	0.3%

Mean = $214
Median = $185
Percent of total caseload with unearned income = 8.1%

For unearned income, no data are collected on the amount that is disregarded.

The Omnibus Budget Reconciliation Act of 1981 set a statutory limit of $1,000 (or less, at state option) on the equity value of non-exempt real and personal property (including liquid assets) that an assistance unit may have and be eligible for AFDC. Liquid assets include cash and other financial instruments convertible to cash, such as savings accounts, stocks, bonds, mutual fund shares and promissory notes, mortgages, cash value of life insurance policies, and similar properties. Non-liquid assets include land, buildings, vehicles, and similar properties. In determining whether the resource limit is met, the state is required to evaluate resources reasonably, applying equity value. Equity value means fair market value minus encumbrances (legal debts). Fair market value means the value which an item would sell for on the open market in the geographic area involved. Excluded from consideration as a resource are:

(1) The home that the family owns and lives in. There are no federal limitations on the value of the home or amount of land a person may own in connection with his or her home. States are permitted to set reasonable limits on the amount of acreage surrounding the home which is subject to the

resource exclusion. States cannot set a limit on the value of the home.

(2) The equity value of one car (or other primary source of transportation) up to $1,500 (or a lower limit set by the state). Equity value in excess of the state-set limit must be treated as a resource. (Two states set a lower limit.)

(3) At state option, basic items essential to day-to-day living such as clothing, furniture, and other similarly essential items of limited value. (All states have opted for this exclusion.)

(4) One burial plot per member of the assistance unit.

(5) Bona fide funeral agreements up to $1,500 of equity value (or lower limit set by the state) for each member of the assistance unit. (Seven states set a lower limit.)

(6) For six months (with state option for an additional three months), real property which the family is making a good faith effort to sell, but only if the family agrees to use the proceeds from the sale to repay the AFDC benefits received. Any remaining proceeds are considered a resource. This is generally known as the "conditional payment provision." (Twenty-four states have opted for the three-month extension.)

(7) For individuals who are self-employed, items essential to the production of goods or services, e.g., carpenter or mechanic tools, farm equipment, and livestock. This exclusion does not apply to real property, e.g., rental property, which is considered a countable resource.

If the combined value of any assets, other than those excluded from consideration, exceeds the above stated resource limit for any time during the payment month, the family is not eligible for assistance for that month. No time period is allowed to dispose of excess resources, except for the conditional payment period to dispose of non-excluded real property described under item six of the exclusions listed above.

Exclusions 4, 5, and 6 above were added to the Act effective October 1, 1984. Because of the nature of these exclusions and their limited applicability to the AFDC population, the FY 1984 measures are not expected to differ significantly from FY 1983.

Table 4.

Cases with Liquid Assets by Amount
Data for FY 1983

Amount	% of Cases
$ 1- 50	60.9%
51-100	12.3%
101-150	6.8%
151-200	4.5%
201-300	6.1%
301-400	3.6%
401-500	2.1%
501-600	1.3%
601-700	1.1%
701-800	0.6%
over 800	0.8%

Mean = $98
Median = $29
Percent of Total Caseload = 14.9%

Table 5.

Cases with Non-Liquid Assets by Amount
(excludes car and real property)
Data for FY 1983

Amount	% of Cases
1- 50	23.6%
51-100	13.7%
101-150	11.2%
151-200	10 9%
201-300	11.2%
301-400	10.3%
401-500	6.1%
501-600	5.8%
601-700	2.4%
701-800	1.9%
801-900	1.0%
901-1000	1.8%

Mean = $232
Median = $157
Percent of Total Caseload = 1.3%

C. Other eligibility requirements.

A child who receives AFDC must be a citizen of the United States or a lawfully admitted alien and a resident of the state in which assistance is provided.

Table 6.

Deprivation Factor by Percent
of AFDC Caseload
(Based on Deprivation of Youngest Child)
Data for FY 1983

Parent Deceased	1.8%
Parent Incapacitated	3.4%
Parent Absent:	
Never Married	44.3%
Divorce or Separation	38.5%
Parent Unemployed	8.7%
Other & Unknown	3.3%

Unless exempt, all AFDC applicants and recipients must register for the Work Incentive (WIN or WIN Demonstration) program as a condition of eligibility. Exemptions are provided for: the ill, incapacitated, those aged 65 and over, those remote from WIN sites, pregnant women in their last trimester, the person providing full-time care of a child under 6 (except for brief and infrequent absences), children under age 16 or older children (age 17 or 18) in high school or the equivalent full-time, those required to stay home to care for another in the home who is ill or incapacitated, those working 30 or more hours a week, participants in a Work Supplementation Program, and one individual providing care to any dependent child in the home when all other adult relatives in the home are registered.

The extent to which these individuals are subject to participation requirements in work programs depends upon the nature of the state's WIN or WIN Demonstration program and the state's implementation of other work program options under Title IV-A. Under a WIN or WIN Demonstration program, individuals could be required to accept employment or to participate in job search, work experience, on-the-job training, education, classroom training, and assessment activities. They may participate in activities funded under WIN or may be referred to outside activities, including those funded by the Job Training Partnership Act.

Under Grant Diversion and Work Supplementation, the state pools the welfare benefits of a number of recipients to subsidize wages for employment typically in the private sector. The participant gains valuable experience and receives a regular paycheck during the subsidized work period, which differs in length from state-to-state. (No federal matching funds are available after the ninth month.) At the end of the subsidized work period, the participant usually receives an unsubsidized job with the employer.

Under the Community Work Experience Program (CWEP) authorized in 1981, nonexempt AFDC recipients may be required to work in a public or private, nonprofit agency in return for their welfare benefits. The maximum number of hours is determined by dividing the amount of the AFDC payment by the state or federal maximum wage, whichever is greater.

Under the Employment Search Program, authorized in 1982, nonexempt AFDC applicants and recipients may be required to look for employment for up to 8 weeks from the date of application and up to 8 weeks a year thereafter, and to accept any available employment. Employment Search programs vary from state-to-state depending on circumstances and needs in each State. The range of services provided includes instruction in interviewing techniques, methods of identifying jobs, and completing job applications, as well as help and encouragement during the job hunting process.

In cases where an AFDC recipient fails to meet a WIN or other work requirement, sanctions are imposed. For the first such failure, the sanction is 3 payment months; any subsequent sanction is 6 months. (Exception: under the Employment Search Program states have the option to establish shorter sanction periods.)

If the individual failing to meet work program requirements is the principal earner in an AFDC-UP case or is the only dependent child in a regular AFDC case, the AFDC case is closed for the length of the sanction period. Otherwise, only the needs of the sanctioned individual are removed from the AFDC grant.

States are not required to report active participants for the WIN Demonstration or IV-A work programs. Therefore, current participation levels can only be estimated. Based on the best available data, current participation levels are estimated to be about 300,000 individuals in an average month.

The following list indicates those actions (or inactions) that cause an individual to be ineligible. (Unless specifically noted, the action affects only the individual and not the whole unit, except that if the individual affected is the only dependent child, the entire unit is ineligible.)

(1) WIN

Refusal by an AFDC Work Incentive (WIN) program nonvolunteer recipient to participate in the WIN program without good cause.

Refusal by an AFDC WIN nonvolunteer recipient to accept employment.

Termination of employment or reduction of earnings without good cause by an AFDC WIN nonvolunteer recipient.

(2) CWEP

Same conditions under the Community Work Experience Program (CWEP) as in item 1.

(3) Employment Search

Refusal to participate without good cause by an AFDC applicant or recipient who is required to participate.

(4) Grant Diversion/Work Supplementation

Refusal by a participant to fulfill State mandatory program requirements.

(5) Assignment of child support rights

Refusal by an applicant for, or recipient of, AFDC to assign to the state any rights to support from any other person.

(6) Cooperation in establishing paternity

Refusal without good cause by an applicant for, or recipient of, AFDC to cooperate with the state to identify and locate the parent of a child for whom aid is claimed, to establish the paternity of a child born out-of-wedlock for whom aid is claimed, to obtain support payments for the applicant or recipient and for a child for whom aid is claimed, and to identify and provide information to assist the state in pursuing any third parties liable for their health insurance coverage.

(7) State-only eligibility requirements

Refusal by an applicant for, or recipient of, public assistance to abide by additional state-imposed eligibility requirements, provided such requirements assist the state in the efficient administration of its programs, or further an independent state welfare policy, and are not inconsistent with the provisions and purposes of the Social Security Act. This may result in the unit's ineligibility, depending on the requirement not met.

(8) Monthly reporting

Failure or refusal of a recipient who is required to report monthly to complete and forward to the welfare agency a monthly reporting form. (2) The entire unit is ineligible.

(9) Sponsored alien deeming

For a period of three years following entry for permanent residence in the United States, refusal or failure of an individually sponsored, nonexempt alien to provide the welfare agency information and documentation necessary to determine the income and resources of the sponsor and sponsor's spouse that can be deemed available to the alien and failure to obtain cooperation necessary from the sponsor.

(10) Strike participation

Participation in a strike on the last day of a month (3) by any caretaker relative with whom the child is living. The whole unit is ineligible for that month.

Participation in a strike by any other individual on the last day of a month results in the removal of the individual's needs from the family's assistance payment for that month.

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2 See 45 CFR 233.36.

3 The law was written as "last day of the month" because it was assumed that AFDC would have pure retrospective budgeting.

(11) Development of other resources

Refusal or failure to develop potential sources of income or resources to which the recipient is entitled (e.g., Social Security benefits) so they can be used to reduce or replace AFDC. The entire unit is ineligible.

(12) Unemployed parents

Refusal by the parent who is the principal earner to register for WIN or public employment, to apply for or accept unemployment compensation, or to participate in employment search results in the denial or termination of the entire unit's assistance payment.

In addition, the following conditions must be met by all applicants and recipients:

(1) Applicants and recipients of AFDC are required to provide the state or local agency with their Social Security Number (SSN) or apply for an SSN.

(2) Recipients are required to file monthly reports of their income and family circumstances as an eligibility condition if the assistance unit includes a wage earner or an individual who has a recent work history or if the unit has a deemer (an individual not in the assistance unit whose income is required by law to be considered available to the unit) who has such income or history.

(3) Applicants and recipients must assign to the state any rights to support from any other person and cooperate, unless good cause exists, with the state in:

    a. Identifying and locating the parent of a child for whom aid is claimed;

    b. Establishing the paternity of a child born out of wedlock for whom aid is claimed;

    c. Obtaining any other payments or property due the applicant or recipient or the child;

    d. Pursuing any third parties liable for their health insurance coverage.

(4) Applicants and recipients must register for the Work Incentive Program unless exempt.

D. Other income a recipient unit is required or expected to spend to receive benefits.

None.

V. BENEFITS AND SERVICES

A. Program intake processes.

The determination of eligibility for the AFDC program is conducted at the local level. A request for assistance usually is made at the local office by the parent or relative with whom the child is living. In some rare instances, referral is made by an institution or an interested party, such as a visiting nurse or social worker. Even then, however, the adult family member actually makes the application.

All applications are voluntary and 100 percent of entrance into the program is by application. As a result of a legislative change effective October 1984, all eligible siblings and parents living with any dependent child must be included in the application and are considered together with that child in determining need and payment. AFDC eligibility is not based on eligibility for any other program, although all AFDC recipients are eligible for Medicaid.

The request for assistance initiates the application process. Applications are made in writing on an application form developed by the state agency. The application asks for information which relates to the specific eligibility factors for the AFDC program. The local agency is responsible for reviewing, verifying, and documenting all factors affecting eligibility. Federal regulations require that eligibility determinations be made within 45 days of application intake.

B. Program benefits or services.

Each state determines the types of needs of low income recipients which are then included in the state's need standard. Federal funding is available to pay a percentage, determined by formula, of state expenditures for these needs.

Basic needs typically included in state need standards are: food, household supplies, personal care items, transportation, clothing, utilities, shelter, and fuel for heating. In addition, states are permitted to include special need items, either recurrent or one-time purchases, which are required by only certain recipients. Examples include special diets, pregnancy allowances, special laundry expenses, moving expenses, etc. What one state considers a basic need may be a special need in another state. (For example, shelter and utilities are not basic needs, but special needs, in Guam.)

There are no federal requirements regarding the types of needs for which states provide assistance. Statute and regulations allow decisions regarding the makeup of each state's need standard, and amounts provided for such needs, to be made by the states. This has been the case throughout the program's history.

Program benefits are provided in the form of cash assistance to the assistance unit. This assistance is distributed in the form of monthly or bi-monthly checks to the parent or other caretaker relative.

In cases of mismanagement -- when the state determines that the funds being provided to the regular payee are not being used in the best interest of the child -- payments may be made to a provider vendor (e.g., landlord, utility company). Alternatively, in mismanagement cases, two-party checks may be issued or a protective payee selected.

Payments to a provider vendor may also be made if the recipients request such a procedure and the welfare agency agrees.

Each state establishes its own "need standard" based on periodic budget studies, market basket pricing studies, and a variety of other approaches. The standards vary primarily by family size and sometimes by shelter costs. While there is no uniform federal standard, federal policy requires a uniform statewide standard. Justifiable area differentials within a state based on regional cost differences are acceptable for shelter if the state can substantiate that cost differences do, in fact, exist.

After a state has determined the money amount necessary for each family size (need standard), it determines the extent to which it will meet that need (payment standard). The payment standard is the sum from which countable income is deducted to determine the amount of the AFDC payment for the family. See Table 7, below, for each state's need standards.

The monthly amount of assistance that an eligible family receives is determined by a number of factors including: (1) countable income; (2) the state's need standard for the appropriate number of persons; (3) any adjustments the state makes to that need standard.

If the state pays the difference between the need standard and countable income, the state is said to "meet full need." There is, however, no federal requirement that a state pay the full amount of need. It may adopt methods of reducing the AFDC payment. Such methods usually involve applying a percentage, or "ratable," reduction to the need standard, or to the budget deficit, i.e., the difference between the family's countable income and the amount of the state's need standard. The payment that has been determined in this manner may be further limited by placing a maximum on the assistance payment for a family of a given size. There is no federal requirement directly affecting the maximum monthly payment an individual or family may receive, but in no instance may the amount of the payment plus countable income exceed the state's need standard. In addition, states are prohibited from making monthly payments less than $10.

As a consequence of these broad federal policies, methods used by the states to determine the amount of assistance to an eligible family vary significantly. One-third of the jurisdictions meet full need, nearly two-fifths use percentage reductions, and just over one-quarter use maximums. Almost one-seventh of the above states use a combination of maximums and percentage reductions.

For a complete description of individual state need and payment standards, see Characteristics of State Plans for Aid to Families with Dependent Children, 1987 Edition.

Table 7.

Need and Payment Amounts for a Family of Three
Data as of April 24, 1986

State Maximum 1/	Need Standard	Typical
Alabama	$384	$118
Alaska	740	740
Arizona	621	293
Arkansas	234	192
California	587	587
Colorado	421	346
Connecticut	487	487
Delaware	298	298
Dist. of Columbia	654	327
Florida	400	252
Georgia	366	256
Guam	165	165
Hawaii	468	468
Idaho	554	304
Illinois	632	302
Indiana	307	256
Iowa	497	381
Kansas	368	368
Kentucky	197	197
Louisiana	600	190
Maine	536	389
Maryland	455	329
Massachusetts	439	432
Michigan 2/	407	372
Minnesota	528	528

State	Need Standard	Typical Maximum
Mississippi	$286	$120
Missouri	312	274
Montana	401	332
Nebraska	350	350
Nevada	285	285
New Hampshire	389	389
New Jersey	404	404
New Mexico	258	258
New York	497	497
North Carolina	492	246
North Dakota	371	371
Ohio	652	290
Oklahoma	471	310
Oregon	397	397
Pennsylvania	587	365
Puerto Rico	160	80
Rhode Island 2/	409	409
South Carolina	369	199
South Dakota	329	329
Tennessee	339	153
Texas	574	184
Utah	693	376
Vermont	812	531
Virginia	322	291
Virgin Islands	209	171
Washington	728	462
West Virginia	497	249
Wisconsin	641	544
Wyoming	360	360

1. "Typical maximum" is amount paid for basic needs to a family (including one adult) with no income or special needs in state's highest caseload area.
2. Summer standards are shown for Michigan and Rhode Island.

There is no federal requirement for automatic indexing in the AFDC program. States may elect to index their need and payment standards (benefits). Only two states have been identified that have elected to automatically index their benefits.

Only once in the history of the AFDC program has Congress required states to adjust their standards of need. Section 402(a)(23), enacted in the 1967 amendments of the Social Security Act, provides that by July 1, 1969, the amounts used by the state to determine the needs of individuals will have been adjusted to reflect fully changes in living costs since such amounts were established, and any maximums that the state imposes on the amount of aid will have been proportionately adjusted.

C. Duration of benefits.

The latest data on duration of receipt of benefits of which we are aware come from a study done by David Ellwood, "Targeting 'Would-Be' Long Term Recipients of AFDC."

Table 8.

Percentage of AFDC Adult Recipients with Various Characteristics and Average Total Durations of AFDC Receipt

Recipient Characteristics at Time of First Spell Beginning	Percent of All First-Time Recipients (New Beginnings)	Percent of Recipients at Any Point in Time	Average Number of Years of AFDC Receipt	Percent Who Will Have AFDC Spells of 10 or More Years
AGE				
Under 22	30.0	35.9	8.23	32.8
22-30	40.7	41.9	7.08	25.8
31-40	11.8	8.8	5.15	15.0
Over 40	17.6	13.4	5.23	15.8
RACE/ ETHNICITY				
White	55.2	47.7	5.95	19.6
Black	40.1	47.4	8.14	32.0
Other	4.8	4.8	6.94	25.5

(Table 8 cont.)

YEARS OF EDUCATION				
Under 9	9.7	9.6	6.81	24.5
9 - 11	37.6	41.9	7.65	29.2
Over 11	52.7	48.5	6.33	21.8
MARITAL STATUS				
Single	29.5	40.0	9.33	39.3
Divorced	28.1	20.2	4.94	13.7
Separated	32.3	31.9	6.80	24.4
Widowed	8.4	5.3	4.37	10.2
NUMBER OF CHILDREN				
0-1	43.4	48.7	7.71	29.7
2-3	42.8	37.3	6.04	20.1
Over 3	13.8	13.7	6.83	24.5
AGE OF YOUNG CHILD				
Under 3	51.3	60.4	8.09	31.9
3-5	22.5	22.3	6.79	24.2
6-10	19.7	12.9	4.51	11.3
Over 10	6.5	4.4	4.71	12.4
WORK EXPERIENCE				
Work in last 2 years	65.8	59.6	6.53	23.0
Did not work in last 2 years	34.2	39.8	8.00	31.2
DISABILITY STATUS				
No disability	81.6	81.4	6.85	24.8
Disability	18.4	18.6	6.97	25.0

Sources: Simulation model estimates are based on the 15-year Panel Study of Income Dynamics (PSID). For each individual who began a first spell on or after the third sample year of the PSID, probabilities are predicted for exiting from first spell, for recidivism, and for exiting from later spells, based on logit models. These figures assume that AFDC caseload is in a "steady state."

Information on the general duration of assistance is shown in Table 9 below. (Information on the mode and median of duration is not available.)

Table 9.

Percentage Distribution of the Expected Total Time on AFDC for First-time Female AFDC Recipients and for All Women Receiving AFDC at a Point in Time

Expected Total Time on AFDC	Women Beginning a First Spell of AFDC	Women Receiving AFDC at any point in Time
1 Year	15.7	2.4
2 Years	14.1	4.3
3 Years	9.4	4.3
4 Years	10.9	6.5
5 Years	5.1	3.8
6 Years	8.3	7.5
7 Years	5.9	6.2
8 Years	3.8	4.6
9 Years	3.3	4.5
10 or More Years	23.5	56.0
TOTAL	100.0	100.0
Average Years of AFDC Receipt	6.6	11.6

SOURCE: Tabulations of the 15-year Panel Study of Income Dynamics.

The expected duration of AFDC receipt varies considerably among subgroups, with marital status, race, and work experience seeming to be the key distinguishing factors. Single women average nine years of AFDC receipt and 39 percent are predicted to receive AFDC for 10 or more years. Blacks average over eight years of AFDC receipt and nearly one-third are expected to receive AFDC for 10 or more years. Those who did not work in the two years prior to first receiving welfare average over eight years of AFDC receipt and nearly one-third are expected to receive AFDC for 10 or more years.

Education is another important factor. High school graduates fare much better than dropouts.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

Participation in either the Supplemental Security Income program (in the 50 states and the District of Columbia) or the programs of Aid to the Aged, Blind or Disabled (operating in Guam, Puerto Rico, and the Virgin Islands) precludes participation in the AFDC program.

B. Counting assistance from other programs.

The program rules of AFDC prohibit counting the following benefits as income in any way:

- Section 402(a)(24) of the Social Security Act prohibits counting any income and resources of a person receiving Supplemental Security Income (SSI) and prohibits considering the SSI recipient as a member of a family for purposes of determining the amount of AFDC benefits.
- Pub. L. 97-35, Section 2605(f) prohibits counting benefits paid to eligible households under the Low Income Home Energy Assistance Program (LIHEAP).
- Pub. L. 97-248, Section 150, prohibits counting any amounts paid by a state IV-A agency from state-only funds to meet needs of children receiving AFDC, if the payments are made under a statutorily-established state program which has been continuously in effect since before January 1, 1979.

In addition to these AFDC program prohibitions against counting income received under the above programs, some other programs require AFDC not to count income provided by them.

If not specifically disregarded by statute, cash benefits received from other programs are counted dollar-for-dollar as income in determining AFDC eligibility and amount of payment.

Typically, noncash benefits from other programs are not counted, but there are possible exemptions.

With the enactment of OBRA in 1981, the statute provides that a state may, at its option, count as income to reduce the amount of AFDC paid, the value of the Food Stamps or housing subsidies the family receives, to the extent that their value duplicates the maximum amount payable under the plan for food or shelter to a family of the same composition with no income. No state has elected the option to count the Food Stamp allotment as income. Two states have elected to count the value of housing subsidies.

C. Overlapping authorities and benefits.

Because AFDC is designed to encompass all basic need items, it overlaps with all other needs-based programs that deal with families with children. Listed below are examples of such programs:

- Food Assistance Programs -- Food Stamps; School Lunch; School Breakfast; Summer Feeding; Supplemental Food for Women, Infants and Children; Commodity Supplemental Food Program; Temporary Emergency Food Assistance Program; and Food Distribution for Needy Families on Indian Reservations and Trust Territories.
- Housing Assistance Programs -- Section 8 and Public Housing.
- In some states work-related child care is provided as a service to AFDC recipients under the Social Services Block Grant (Title XX), even though a disregard for work-related child care is available under the AFDC program. Because the child care disregard applies only where an AFDC recipient incurs costs for child care, actual duplication of benefits would not occur in a given case.
- Home Energy Assistance is provided under the Low-Income Home Energy Assistance program (LIHEAP). In most states utilities/fuel is included in the AFDC need standard. Assistance under the LIHEAP program is disregarded.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

__Senate__

Committee on Finance
    Subcommittee on Social Security and Income Maintenance Programs

House of Representatives

Committee on Ways and Means
    Subcommittee on Public Assistance and Unemployment Compensation

B. Appropriating subcommittees.

Senate

Subcommittee on Labor, Health and Human Services, Education, and Related Agencies

House of Representatives

Subcommittee on Labor, Health and Human Services, Education, and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

Joint Economic Committee

Government Operations Committee
    Subcommittee on Intergovernmental Relations and Human Resources

D. Federal legislation.

Title IV of the Social Security Act (enacted August 14, 1935) established the federal-state program for Aid to Dependent Children and authorized annual appropriations from general revenues for the federal share of the program costs. All predecessor programs were state- or local-funded and run by those levels of government.

The statutory requirements for approval of a state plan were:

- Programs must be effective in all political subdivisions of the state;
- A single state agency must administer or supervise local administration;
- An opportunity must be offered for fair hearing for those whose claims are denied;
- Regular reports must be made to the Social Security Board;
- No state residence requirement exceeding one year could be imposed.

The Act provided for payment quarterly by the federal government (actually effective February 1, 1936) of an amount equal to one-third of the approved state plan's expenditures, excluding monthly amounts above $18 per child or, if more than one child, above $18 for the first child and above $12 for each other child in the family.

"Dependent child" was defined to mean a child under age 16 who is deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent and who is living with a father, mother, grandparent, brother, sister, stepparent, stepsister or stepbrother, uncle, or aunt in a residence maintained by such relative as his or her home. "Aid to dependent children" was defined as "money payments to a dependent child(ren)."

The following summarizes the major statutory provisions enacted since 1935. There is a separate section for each of the following major program issues: Eligibility, Matching Formula, Income and Resources, Fair Hearing, Privacy, Work-Related Provisions, and Quality Control. The word "Act" throughout represents legislation enacted in the year shown.

ELIGIBILITY

Act	Provisions
1939	Eligibility may be extended to include needy children aged 16 and 17 if they are regularly attending school. Effective January 1, 1940.
1950	One needy relative with whom the dependent child is living may be included as a recipient for federal matching purposes. Effective October 1, 1950.
1950	If a state includes a durational residence requirement as a condition of eligibility, it may not exclude from assistance any needy child living in such state for 1 year immediately preceding the application for aid or any needy child under age 1 who was born in the state or whose parent or relative (with whom the child is living) has resided in the state for 1 year preceding the child's birth. Effective July 1, 1952.
1956	Eligibility may be extended to include needy children aged 16 and 17 whether or not they are attending school. Effective July 1, 1957.
1956	List of relatives with whom the needy child may live and receive aid was expanded to include first cousin, nephew, and niece. Effective August 1, 1956.
1961	"Unemployed parent" program. Child may be eligible if deprived of support and care by reason of the unemployment of a parent. Effective May 1, 1961.

1961	Foster Care program. Federal financial participation available if a state chooses to extend AFDC to a recipient child who is removed from the home of parent or relative, or for whom a judicial determination has been made that continuing in the home would be contrary to the welfare of such child, or who is placed in a foster family home under the responsibility of the state or local agency administering AFDC. Effective May 1, 1961.
1962	Second adult may be included as recipient for federal matching purposes if second adult is either the spouse of an incapacitated parent of at least one of the children or the spouse of an unemployed parent in a state that includes a child deprived because of the unemployment of a parent. Effective October 1, 1962.
1964	Eligibility may be extended to needy dependent children aged 18-20 if they attend high school or a course of vocational or technical training designed to fit them for gainful employment. Effective October 13, 1964.
1965	Dependent children aged 18-20 may be considered recipients if they attend school, college, or university, or a course of vocational or technical training. Effective July 30, 1965.
1967	Foster Care Program. States must provide foster care under the AFDC program for children in child care institutions and in foster family homes. Effective July 1, 1969.
1968	"Unemployed parent" program amended to be "unemployed father" program. Needy child's father: (1) must not have been employed for at least 30 days before receiving aid; (2) must not have refused an offer of employment or training without good cause; (3) must be registered with the state public employment office; (4) must not be receiving unemployment compensation; (5) must have worked at least six out of the last 13 calendar quarters. Effective January 2, 1968.
1975	Child Support Enforcement. State plan must provide that, as a condition of eligibility for aid, each applicant or recipient will be required: (1) to assign to the state any rights such applicant may have to support from any other person; (2) to cooperate with the state in establishing the paternity of a child born out of wedlock for whom aid is claimed and in obtaining support payments for such applicant and for a child with respect to whom aid is claimed. If the relative with whom a child is living is found ineligible because of failure to comply with the requirements, any aid for which such child is eligible will be in the form of

protective payments, regardless of the eligibility of the relative. Effective August 1, 1975.

1979 "Unemployed father" program amended to be "unemployed parent" program. For states with such programs, the Supreme Court ruled that it is unconstitutional to make AFDC benefits available to families with an unemployed father but not to families with an unemployed mother. Effective June 25, 1979.

1980 Otherwise dependent children aged 18-20 attending a college or university may be excluded from the definition of a child. Effective December 28, 1980.

1980 Foster Care Program. Foster Care removed from IV-A responsibilities; instead states must initiate a Title IV-E program of Foster Care and Adoption Assistance. Effective October 1, 1982, or earlier, at state option.

1981 Payments to families on the basis of the unemployment of a parent shall be made only when the parent who is the principal earner (the parent who had the greatest amount of earnings during the 24 months preceding the month of application) is unemployed. Effective October 1, 1981.

1981 A child for AFDC eligibility purposes must be under the age of 18 or, at state option, under the age of 19 and a full-time student who is expected to complete his or her secondary education or equivalent technical training before reaching age 19. Effective October 1, 1981.

1981 State may pay benefits to pregnant women who have no other eligible children only when it has been medically verified that the child is expected to be born within the three-month period following the month of the initial payment. States may provide Medicaid coverage to pregnant women who, except for this limitation, would be entitled to AFDC benefits, from the date of medical verification of the pregnancy. Effective October 1, 1981.

1984 Require that an application for a dependent child must include the parents and siblings living in the same household as the dependent child, if otherwise eligible. The need, income, and resources of these individuals are considered in determining eligibility for assistance and payment amount. Effective October 1, 1984.

1984 Require that the income of the parent(s) or legal guardian(s) of a minor parent must be counted, if living in the same household, in determining eligibility and payment for the minor parent and the minor's dependent child(ren). Previously, the income of the minor's parents was considered in determining AFDC eligibility for the minor and the minor's child(ren) only under limited circumstances. Effective October 1, 1984.

1984	States required to provide nine months of Medicaid coverage to families who lose eligibility for AFDC due to the exhaustion of the $30 or the $30 plus one-third disregard. States have the option of extending this coverage for up to six additional months in the case of a family that would continue to be eligible for AFDC if the $30 plus one-third disregard were applied. Effective October 1, 1984.
1984	Allow certain families who were terminated from AFDC prior to October 1, 1984, due to the loss of the $30 plus one-third disregard to be eligible for Medicaid for nine months (6 additional months, at state option). To be eligible, the family must apply no later than the end of the sixth month after the month the final regulations are published (published September 10, 1984), and must have been continuously eligible for AFDC (from the date they lost eligibility through the month before application) if the $30 and one-third disregard had been applied. The family must also disclose any private health insurance coverage at the time of application. Effective October 1, 1984.
1986	As a condition of AFDC eligibility, applicants and recipients must identify and provide information to assist the state in pursuing any third parties who are liable for their health insurance coverage unless there is good cause for refusing to do so. Effective April 7, 1986.

FEDERAL MATCHING FORMULA

Act	Provisions
1965	Between 1935 and 1965 the AFDC federal matching formula was changed eight times. The 1965 formula changes remain in effect today. These are: (1) For the 50 states and the District of Columbia, the federal government pays 5/6 of the average monthly per-recipient payment up to $18. For average monthly payments above $18 and up to $32, the federal government pays a variable percentage (based on the ratio of the state's per capita income to the national per capita income). (2) Established an alternative formula available to states operating an approved Medicaid program. These states can use the "Federal

Medical Assistance Percentage" for all allowable AFDC and Medicaid benefit expenditures. Since 1982, all states have elected to use this alternative formula. Effective January 1, 1966.

> Note: Puerto Rico, the Virgin Islands, and Guam receive 75 percent federal matching for public assistance expenditures up to statutorily established ceiling ($72 million for Puerto Rico, $2.4 million for the Virgin Islands, and $3.3 million for Guam). AFDC was extended to Puerto Rico and the Virgin Islands in 1950, and to Guam in 1958.

1981	Federal government required to match 90 percent of the costs associated with the development of an AFDC advanced data processing system if it meets the requirements established by the Secretary. Effective July 1, 1981.
1981	Reduces federal matching rate for training costs from 75 percent to 50 percent like all other administrative costs. Effective October 1, 1981.
1986	Requires that the calculation for the Federal Medical Assistance Percentage be done annually versus biennially. Effective April 7, 1986.
1986	Requires the federal government to recover incentive funding for development of advanced data processing systems if a state does not meet the implementation date in its approved Advanced Planning Document, unless due to circumstances beyond the state's control. Effective April 7, 1986.

INCOME AND RESOURCES CONSIDERED AND DISREGARDED

Act	Provisions
1939	State agency must take into consideration any other income and resources of any child claiming AFDC. Effective July 1, 1941.
1950	No aid will be furnished under AFDC to any individual who is receiving Old-Age Assistance under the Social Security Act. Effective October 1, 1950.
1962	State must, in determining need, take into consideration any income and resources of any child or relative claiming AFDC, as well as any expenses reasonably attributed to the earnings of such income. Effective July 1, 1963.

1962	State may permit all or any portion of earned or other income of a family to be set aside for the "future identifiable needs" of a dependent child. Effective July 1, 1963. (Rescinded effective October 1, 1981.)
1965	The state may disregard not more than $5 of any income. Effective October 1, 1965. (Rescinded effective October 1, 1981.)
1965	State may disregard up to $50 per month of the earned income of a needy child under age 18 but may not disregard more than $150 of earned income in the same AFDC home. Effective July 1, 1965. (Superseded by mandatory disregard, effective July 1, 1969.)
1968	State must disregard all earnings of child receiving AFDC who is a full-time student or a part-time student but not a full-time employee and is attending a school, college, or university, or a course of vocational or technical training designed to fit him or her for gainful employment. State must also disregard the first $30 and 1/3 of the remainder of the total of monthly income earned by all other individuals living in the same household whose needs are taken into account in determining need for AFDC. Optional January 1, 1968-June 30, 1969; mandatory July 1, 1969.
1968	State may disregard all earnings of a full-time student or a part-time student who is not a full-time employee. State may also disregard the first $30 and one-third of the remainder of monthly income earned by all other family members. (If the state implemented this amendment in 1968, the 1965 amendment on disregarding $50 of earned income was superseded.) Exemptions not mandatory for Puerto Rico, the Virgin Islands, and Guam until July 1, 1972, and then could be set at an amount lower than "30 + 1/3" as negotiated by the Secretary of HHS and the respective jurisdiction. Effective January 2, 1968 (optional until July 1, 1969).
1968	Essential person. If, in determining need, the state chooses to consider the needs of any other individuals living in the same household as the AFDC child or relative, then the income and resources of such individual must be considered with the income and resources of the child or relative. Effective July 1, 1969.
1972	A recipient of SSI payments must not be regarded as a member of an AFDC family for the purposes of determining the amount of the family benefits nor have his or her income and resources counted as income and resources of the family. Effective July 1, 1973.

1975	State plan must require that, for the 15 months beginning July 1, 1975, in determining need, the state agency must, for each month, disregard 40 percent of the first $50 collected under the child support program. Effective July 1, 1975.
1981	State may consider as income Food Stamp allotments and/or housing or rental subsidies that duplicate the food/housing allowance payable to a family of the same size and composition with no income. Effective October 1, 1981.
1981	State agency shall disregard from the earned income of any individual receiving assistance in any month the following amounts in the following order: The first $75 (or less for other than full-time employment throughout a month); child or attendant care costs of up to $160 per month for full-time care for each individual requiring care; and $30 and 1/3 of any remainder. If an individual's income exceeds his or her needs without application of the "$30 and one-third" disregard, it may not be applied unless he or she received assistance in one of the preceding four months, and after it has been applied for four months, it may not again be applied until an individual has received no assistance for 12 consecutive months. Effective October 1, 1981.
1981	A family shall not be eligible for aid under a state plan for any month in which the combined gross income of all members of the assistance unit exceeds 150 percent of the state standard of need. Effective October 1, 1981.
1981	State agency shall, in determining need, consider any other income and resources of an individual claiming assistance and shall determine ineligible for aid any family whose members' combined resources exceed $1,000 in equity value, or a lesser amount established by the state. The home in which the family resides and one automobile are disregarded to the extent that an individual's ownership interest in the automobile does not exceed an amount specified by the Secretary of HHS. Effective October 1, 1981.
1981	An individual's earned income in any month shall include an amount equal to the earned income advance amount that is or would be payable under the Earned Income Tax Credit. Effective October 1, 1981.
1981	Countable nonrecurring income in excess of the state standard of need received by any member of an assistance unit in a month shall be combined with all other countable income received by the family during

that month and the assistance unit shall be ineligible for the number of months (including the month of receipt) resulting from a division of this sum by the state standard of need. Effective October 1, 1981.

1981 Income of a stepparent living in the same home with a dependent child shall be considered the income of said child to the extent that it exceeds the first $75 of earned income, plus the state standard of need for the stepparent and any of his or her dependents living in the same household, plus any payments, including alimony and child support, made to dependents living elsewhere. Effective October 1, 1981.

1981 Income and resources of the sponsor (and the sponsor's spouse) of an alien shall, for a period of three years after the alien's date of entry into this country, be deemed, after certain disregards, to be the income and resources of the alien. Effective October 1, 1981.

1982 State may prorate the portion of the AFDC standard for shelter and utilities for AFDC families living in households with other individuals. Effective October 1, 1982.

1982 State shall round both its need standard and monthly payment amount to the next lower whole dollar. Effective October 1, 1982.

1982 State may not provide assistance for any period prior to the date of application. Effective October 1, 1982.

1984 A family shall not be eligible for aid under a state plan for any month in which the combined gross income of all members of the assistance unit exceeds 185 percent (versus 150 percent) of the state standard of need. Effective October 1, 1984.

1984 Amends current earned income disregards to require the state agency to disregard from the earned income for both applicants and recipients $75 for part-time workers (same as full-time worker disregard) and after the $30 and one-third disregard is applied for four consecutive months, disregard $30 for an additional eight months. After this time, neither the $30 nor the one-third disregard is available again until 12 consecutive months have passed during which the person did not receive AFDC. Effective October 1, 1984.

1984 In determining eligibility, states must exclude one burial plot and one funeral agreement per family member. Effective October 1, 1984.

1984	States required to exempt for six months (with state option for an additional three months) real property which the family is making a good faith effort to sell, but only if the family agrees to use the proceeds from the sale to repay the AFDC benefits received. Any payments of assistance made during the disposal period are considered overpayments to the extent they would not have been made had the property been disposed of at the beginning of the period. Effective October 1, 1984.
1984	Requires states to count Earned Income Tax Credits as income only when actually received. Effective October 1, 1984.
1984	Requires that the first $50 collected by the IV-D (Child Support Enforcement) agency which represents monthly support payments be paid to the assistance unit. In addition, this amount as well as any such support received by the family, not to exceed $50 per month per family, is disregarded by the IV-A (AFDC) agency in making the determination of need and payment amount. Effective October 1, 1984.
1984	Requires states to have in effect an income and eligibility verification system for use in administering their AFDC, Medicaid, unemployment compensation, and Food Stamp programs. States must request and make use of: quarterly wage information; wage and other benefit information available from the Social Security Administration; and unearned income data from the Internal Revenue Service. Requires states to use standardized data formats to facilitate exchange of information. Due process and privacy protections are provided for. Effective April 1, 1985, except requirement that states maintain a quarterly wage reporting system, which is effective September 30, 1988.

FAIR HEARING AND EQUAL OPPORTUNITY

Act	Provisions
1950	State must grant an opportunity for a fair hearing to any individual whose claim for AFDC is denied or not acted upon with reasonable promptness. Effective July 1, 1951.
1950	All individuals wishing to apply for AFDC must have the opportunity to do so. Effective July 1, 1951.
1975	State plan must provide that all individuals wishing to apply for AFDC have the opportunity to do so and that

AFDC will be furnished with reasonable promptness to all eligible individuals. Effective August 1, 1975.

PRIVACY / DISCLOSURE / USE OF PAYEES

Act	Provisions
1939	State plan must provide safeguards restricting the use or disclosure of information on AFDC applicants or recipients to purposes directly connected with plan administration. Effective July 1, 1941.
1958	Federal financial participation available if state makes payments on behalf of a needy individual to another person judicially appointed to serve as the legal representative for the needy individual. (Applicable only to adults in AFDC.) Effective July 1, 1958.
1962	When the state agency has reason to believe that any AFDC payments are not being used in the best interest of the child, the state agency may provide for counseling and guidance with respect to the management of such payments, make payments to a legally appointed representative, or make protective payments. The federal government will not withhold federal financial participation in such assistance if properly made. Effective July 1, 1963.
1962	The federal government will participate in state protective payments made on behalf of the child to another individual (besides the needy relative or needy relative's spouse with whom the child is living) who is interested in or concerned with the welfare of such child or relative; payments may be made only under specified conditions. The number of protective payments may not exceed 5 percent of the number of other AFDC recipients. Effective October 1, 1962.
1968	Federal financial participation may be claimed for protective or vendor payments made with respect to any dependent child to another individual who is interested in or concerned with the welfare of such child or needy relative, or directly to a person furnishing food, living accommodations, or other goods, services, or items to or for such child, relative, or other individual. Effective January 2, 1968.
1968	The limitation on the proportion of recipients for whom protective payments can be made because of their inability to manage their funds may be increased from 5 percent to 10 percent of the number of other AFDC recipients. Excluded from this limitation are

recipients for whom such payments must be used because (without good cause) they refuse to work, to register for work, or to participate under a work or training program. Effective January 2, 1968.

1975 State plan must provide safeguards permitting the use or disclosure of information on AFDC applicants or recipients only to public officials requiring such information in connection with official duties or to other persons for purposes directly connected with plan administration. Effective August 1, 1975.

1975 State plan must require each applicant or recipient to furnish to the state agency his or her Social Security number(s) and provide that the state shall use such number(s) in addition to any other means of identification it may determine. Effective August 1, 1975.

1975 State plan must provide safeguards restricting the use or disclosure of information on AFDC applicants or recipients to purposes directly connected with: (1) administering the approved state plan or program; (2) any investigation, prosecution, or criminal or civil proceeding conducted in connection with the administration of the plan or program; (3) the administration of any other federal or federally assisted program providing assistance, in cash or in kind or service, directly to individuals on the basis of need. Safeguards so provided must prohibit disclosure to any committee or legislative body of any information identifying by name or address any applicant or recipient. Effective August 1, 1975.

1976 State plan may provide for the institution of procedures, in any or all areas of the state, under which any household participating in the Food Stamp Program will be entitled to have the charges for its coupon allotment under such program deducted from any aid in the form of money payments, payable to such household (or any member or members thereof) under the plan, and to have its coupon allotment distributed to it with such aid. Effective July 1, 1977.

1977 Wage information available from the Social Security Administration and wage information available from agencies administering state unemployment compensation laws must be requested and used to the extent permitted, except that the state need not request such information if available from the agency administering the state unemployment compensation laws. Effective October 1, 1979.

1977	Dependent child's payments, intended to enable the recipient to pay for specific goods, services, or items recognized by state agency as a part of the child's need under the state plan, may be made in the form of checks drawn jointly to the order of the recipient and the person furnishing such goods, services, or items and negotiable only upon endorsement both by the recipient and such person. Caseload limit on all protective payments raised to 20 percent. Effective October 1, 1977.
1980	AFDC information will be made available to governmental audit agency if authorized by law. Effective September 1, 1980.
1981	Caseload limit on protective payments removed. In addition, recipients may voluntarily request vendor payments. Effective October 1, 1981.
1984	Permits states to disclose AFDC information to certain law enforcement officials when they satisfactorily demonstrate that the recipient is a fugitive felon. Effective October 1, 1984.

WORK-RELATED PROVISIONS

Act	Provisions
1962	Federal matching is made available for states whose AFDC recipients aged 18 or older and living with dependent children participate in a community work and training program if: (1) health and safety regulations are observed; (2) state pays the recipient no less than the minimum wage; (3) the employment serves a useful purpose; (4) the recipient is covered under workers' compensation; (5) the recipient's expenses attributable to his or her work are considered in determining need of relative. Effective October 1, 1962.
1967	Ceases federal matching in state community work and training programs. Effective July 1, 1969.
1971	To be eligible for AFDC, every individual must register for the Work Incentive program (WIN) unless: (1) under age 16 or attending school full-time; (2) ill, incapacitated, or of advanced age; (3) so remote from a WIN project that effective participation is precluded; (4) needed in the home to care for another family member who is ill or incapacitated; (5) a mother or other relative of a child under age six who is caring for the child; or (6) a mother or other female caretaker of a child if the father or other male relative is in the home and not exempted under the law,

unless he has failed to register. Also, any individual referred to in item 5 has the option to register. Effective July 1, 1972.

1976 States may deny AFDC to "Unemployed Father" families: (1) if the father is not registered for the Work Incentive Program (WIN) or if he is not registered with public employment offices in the state; or (2) if the father qualifies for unemployment compensation, but refuses to apply for or accept such unemployment compensation. Effective November 1, 1976.

1976 State plan must also provide for the reduction of the amount otherwise payable under AFDC by the amount of any unemployment compensation that such child's father receives under a federal or state unemployment compensation law. Effective November 1, 1976.

1981 Participation in a strike shall not constitute good cause to leave, refuse to accept, or seek employment and AFDC is not payable to a family for any month in which the natural or adoptive parent is, on the last day of that month, participating in a strike. Aid is not payable to or for any other individual who is participating in a strike on the last day of a month. Effective October 1, 1981.

1981 As a condition of eligibility, an individual must be available for employment and/or employment-related services unless he or she is a child who is under the age of 16 or attending an elementary, secondary or vocational/technical school full-time, the parent of a child under the age of six who is personally providing care for said child with only brief and infrequent absences or an individual who meets other conditions previously specified in the statutes. Effective October 1, 1981.

1981 State may establish a Community Work Experience Program designed to improve the employability of AFDC recipients. Individuals, including a parent or relative of a child who is three years of age or older, may be required to participate in this program for the number of hours resulting from a division of the AFDC grant by the higher of the federal or state minimum wage rate. Health, safety, and other reasonable working conditions must be maintained and a work assignment must be reasonable in terms of the individual's abilities and location. Effective October 1, 1981.

1981 State may develop and operate a Work Supplementation Program as an alternative to providing full regular AFDC benefits. Participation by applicants/recipients shall be voluntary, but states may vary benefit levels geographically and/or by categories of recipients to encourage participation and to finance the job program. Federal requirements dealing with the treatment of income may also be waived under this program. Effective October 1, 1981.

1981 State may elect as an alternative to the Work Incentive program to operate a Work Incentive Demonstration program for the purpose of demonstrating single-agency administration of the work-related objectives of this act. Maximum state flexibility in the design and operation of such program is assured. Effective August 13, 1981.

1982 State may establish an Employment Search Program designed to place AFDC applicants and recipients in jobs. Effective October 1, 1982.

1984 Exempts pregnant women from work registration or training beginning with the sixth month of a medically verified pregnancy. Previously, states could exempt a pregnant woman from work registration or training if the state determined that the woman was incapacitated. Effective October 12, 1984.

1984 Under prior law, states had the option to implement a Work Supplementation Program (WSP) in order to make jobs available as an alternative to AFDC benefits. Allows states to operate grant diversion programs by modifying the Work Supplementation Program statute in a number of ways. States may subsidize jobs in the private sector and may provide Medicaid and the earned income disregards to WSP participants for up to nine months. In addition, changes in federal funding give states greater flexibility in developing methods by which AFDC grants are diverted to wages. Effective July 18, 1984.

1984 Allows Community Work Experience Program (CWEP) participants to work in federal offices or agencies under certain conditions. First, CWEP participants may not be considered federal employees. Also, state agencies must provide these CWEP participants the same workers' compensation and tort claims protection as are provided to other CWEP participants in the state. Effective July 18, 1984.

QUALITY CONTROL

Act	Provisions
1979	Establishes in statute 4 percent as the maximum level of erroneous payments for which the federal government would provide matching funds. A three-year phase-in period provided for states to reach the 4 percent level, and allowed the Secretary to waive disallowances in certain limited circumstances. Effective October 1, 1980.
1982	Provides for federal matching up to a 4 percent maximum error rate for FY 1983 and a 3 percent maximum error rate beginning in FY 1984. (The 4 percent maximum continues to apply to Puerto Rico, Guam, and the Virgin Islands.) Continues to allow for waivers in certain limited circumstances, and provide that the federal government can charge the states for costs of determining error rates when states fail to cooperate in providing necessary error rate information. Effective October 1, 1982.
1986	Places a two-year moratorium on the collection of AFDC quality control (QC) disallowances while HHS and the National Academy of Sciences conduct a one-year study of both the AFDC and Medicaid QC systems. HHS required to publish regulations, within 18 months of enactment, to restructure the QC systems as the Secretary determines appropriate, based on the results of the study. During the two-year moratorium, HHS must continue to calculate error rates. Effective April 7, 1986.

E. Major federal implementing regulations and regulatory changes.

Most regulations in the AFDC program reflect the statute and amendments. In addition, the Social Security Act, at Section 402(a)(5) and 1102, grants authority to the Secretary to publish regulations necessary for the proper and efficient administration of the program. Major regulations issued under this authority include:

- The original establishment of the Quality Control System (45 CFR 205.40);
- The redetermination schedule (45 CFR 206.10(a)(9));
- The definition of an application (45 CFR 206.10(b)(2)).

Further, some regulations are promulgated to reflect changes due to court decisions:

- Man in the house rule; additional conditions of eligibility -- King v. Smith, 1968.

This case questioned the validity of Alabama's so-called "substitute father" regulation which denied AFDC benefits to a mother who cohabits in or outside her home with any single or able-bodied man. The Supreme Court found the state regulation was invalid. The regulations now prohibit consideration of a substitute parent for purposes of determining AFDC eligibility. As a consequence of this case, and others, the regulations prohibit states from imposing conditions on applicants and recipients that are not consistent with the provisions and purposes of the Social Security Act.

- Equity Value -- NWRO v. Matthews, 1976.

This case was brought against the Secretary due to promulgation of a regulation requiring states to consider the gross value of resources, regardless of encumbrances. The Supreme Court invalidated the regulation and as a consequence, the regulation specifies that resources will be evaluated according to their equity value.

- Residency -- Shapiro v. Thompson, 1969

Three cases were consolidated for the Supreme Court. The issue involved states' imposition of a one-year residency requirement on AFDC applicants. The Court held that durational residency requirements for welfare applicants are invalid because they thwart the constitutional right to free travel and are not supported by a compelling state interest. The regulation now prohibits such residency requirements for AFDC.

- The right to a fair hearing before reduction or termination of benefits -- Goldberg v. Kelly, 1970.

This case questioned the policy in the state of New York of terminating welfare benefits without first providing the opportunity for the recipient to appear personally at a hearing. The Supreme Court determined that such policy violated the constitutional right to due process. The regulation now requires states to ensure that applicants and recipients be given the opportunity for a hearing, and that benefits not be adjusted if payment continuation is requested timely by the recipient.

F. Innovative practices at the federal, state, or local levels to achieve the program's objectives.

In recent years, most innovations in state and local AFDC programs have been components in a national research and demonstration strategy to test work requirement provisions for welfare applicants and recipients. That strategy originated with federal legislation to reduce welfare dependency contained in the Omnibus Budget Reconciliation Act of 1981 (OBRA) and the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). Both OBRA and TEFRA established work requirement programs, as options for states, to reduce welfare dependency through increased employment of applicants and recipients. Projects to test work program provisions have been conducted under section 1115 of the Social Security Act. In the material below there is a separate section for each of the following innovative practices: WIN Demonstrations; Community Work Experience; Overall Evaluation; Other Innovative State Activities; Project on Teenagers.

WIN Demonstrations:

The first program, authorized by OBRA and implemented through section 445 of the Social Security Act, permits states to operate an alternative to the Work Incentive (WIN) program -- the WIN Demonstration (WIN Demo) program. Both the WIN and WIN Demo programs require that AFDC applicants and recipients with no children under six years of age register for and accept available employment.

The WIN Demo differs from WIN in that it is administered by the state AFDC agency, instead of the employment security agency. It differs also in that, instead of operating with a limited number of specific components, states may individually select components appropriate to their needs and resources. Such components may include, but are not limited to: job training; job-finding clubs; grant diversion to either public or private sector employers; services contracts with state employment security agencies; prime sponsors under the Comprehensive Employment and Training Act (and later, Service Delivery Areas under the Job Training Partnership Act of 1982), or private placement agencies; targeted jobs tax credit outreach campaigns; performance-based placement incentives; waivers under section 1115 of the Social Security Act (to permit, for example, mandatory participation of single parents with children under six); and the Title IV-A work programs established by OBRA (the Community Work Experience Program (CWEP) and Employment Search). WIN Demos were established in 27 states.

OBRA mandated evaluation of the national WIN Demo program after the first and third years of operation. Findings from the first-year evaluation, which covered 17 states, include the following:

- Nationwide, the number of WIN Demo participants who entered full-time employment remained stable while, over the same recessionary period, the number of regular WIN participants who entered full-time employment decreased sharply.

- The factors contributing to the achievements of the most successful programs were:
  - the IV-A (AFDC) agency handling the employment-related functions rather than contracting them back to the employment security agency;
  - commitment by the IV-A agency to require either up-front job search by applicants, or CWEP by recipients, or both;
  - section 1115 demonstration waivers to allow the state to require participation by single parents with children under six;
  - commitment to ongoing participation and reducing the number of "unassigned" recipients.
- A key factor in the success of the IV-A administered states was the ability to increase participation, found in first year WIN Demo evaluation and Section 1115 Job Search/CWEP demonstration in San Diego, the Employment Initiatives demonstration in Maryland, and the Project Success demonstration in Arkansas.
- Site visits indicate minimal servicing of the most disadvantaged under the old WIN structure. Also, WIN staff had very little visibility and prestige in the employment security agency.

Community Work Experience:

Another work requirement approach, tested through Section 1115 projects in seven states, is that of the Community Work Experience Program (CWEP), authorized by OBRA. The experimental projects ended in September 1985. A total of 22 states have implemented CWEP.

Under CWEP, AFDC recipients are required to work at public or non-profit sector jobs for that number of hours per month determined by dividing the family's AFDC grant by the minimum wage. Participants in CWEP are those required to register for WIN and may include both basic AFDC and AFDC-UP (unemployed parent) recipients. Under the CWEP legislation, states have an option to require single parents with children three to five years of age to participate.

Work site sponsors have indicated that CWEP participants perform work essential to their day-to-day operations. Many would consider hiring CWEP workers were positions available. Participants endorse the program because it provides job references, training, potential job leads, improved employability, maintenance of existing job skills, and improved morale and self-esteem.

Overall Evaluation:

In general, evaluation of work program innovations have shown the following:

- It is possible to operate work programs on a large scale and to achieve high participation rates. One local program successfully administered a work program requirement for over 90 percent of the registrants.
- Work programs increase employment and decrease welfare dependency for the AFDC population. The greatest gains are made by the most disadvantaged groups -- those with little work experience and/or no high school diploma. Programs that combine job search and work experience both increase employment and earnings, and reduce welfare dependency among recipients.
- Programs combining job search and work experience are cost-effective from the taxpayers' standpoint. Programs in San Diego and Arkansas, which were subject to rigorous evaluation, more than paid for themselves.

Other Innovative State Activities:

By April 1986, 39 states had implemented one or more work program options authorized by OBRA, TEFRA, and the Deficit Reduction Act. Some states are developing multi-component work programs, innovative in their scope and comprehensiveness, to assist applicants and recipients with differing degrees of employability. One such effort is California's Greater Avenues for Independence (GAIN), now being implemented in part as a Section 1115 project. The GAIN project originated with passage, in July 1985, of a California State Legislature bill to

> "require all applicants or recipients required to register for employment or training services under federal law to register for this program, with all other AFDC applicants or recipients...permitted to participate voluntarily."

Similar comprehensive programs are in place in other states, including Illinois and New York.

Some innovations under demonstration and evaluation are for specific segments of the AFDC population. The "Utah Community Work Program for Two-Parent Families," for example, focuses on two-parent families in which the principal earner is unemployed. This demonstration tests an alternative to the AFDC-UP program and evaluates a six-month limit on assistance. Assistance is provided to intact families with dependent children in which the adults in the household are unemployed and ineligible for financial assistance through other federal programs.

Key program elements include: (a) both parents must be unemployed and participate in a public work project for 32 hours each week to qualify for assistance; (b) assistance is limited to six months within a twelve month period, with payments made bi-weekly and only after specific work requirements are met; (c) participants are regarded as AFDC recipients and, therefore, are categorically eligible for Medicaid.

Findings to date include:

- Average length of stay in the program was nine weeks compared to 10 months under AFDC-UP;
- Annual program costs were about 5 percent of those of an earlier AFDC-UP program.

Project on Teenagers:

Another special population project, "Innovative Approaches to Decrease Long-Term AFDC Dependency Among Teenage Parents," was funded in FY 1986. This project targets teenaged parents (and those who are pregnant) who apply for AFDC. It applies a mandatory package of work and educational activities intended to reduce welfare dependency and increase self-sufficiency. The demonstration requires participation of those assigned to the experimental group in either education or training programs or in work programs, depending on the age of the participant. Additional features of the demonstration include the provision of necessary supportive services, augmented child support enforcement activities, and referral to other community resources. A case management approach is used in the operation of the demonstration.

Employment-related activities such as those which will be incorporated into the demonstration have been proven to be effective in improving self-sufficiency for older AFDC applicants and recipients. The goal of this activity is to demonstrate the effects of mandatory employment-related activities on a younger population, a population which recent research has shown tends to have exceptionally long periods of welfare dependency.

The initial period of the demonstration is for planning and piloting the project. This will be followed by three years of intervention/operation and another year of follow-up. The project will be evaluated by an independent contractor.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (In thousands) (1)
13.808 AID TO FAMILIES WITH DEPENDENT CHILDREN

	BENEFITS (2)		ADMINISTRATION (3)		"OTHER" Funds Spent Under This Program Authority (4)		
	Federal (5)	State-local(5)	Federal(6)	State-local(6)	Federal	State-local	Total
United States	$8,058,018	$6,946,823	$899,235	$899,235	$27,150	$3,017	$16,833,477
Alabama	$50,961	$19,681	$8,499	$8,499	$31	$3	$87,675
Alaska	$21,058	$21,056	$2,767	$2,767	$530	$59	$48,236
Arizona	$39,982	$25,338	$3,660	$3,660	$1,441	$160	$74,242
Arkansas	$30,381	$10,870	$4,457	$4,457	$0	$0	$50,165
California	$1,682,136	$1,682,136	$150,223	$150,223	$0	$0	$3,664,719
Colorado	$50,097	$50,097	$8,177	$8,177	$2,757	$306	$119,612
Connecticut	$111,588	$111,588	$9,547	$9,547	$49	$5	$242,324
Delaware	$13,215	$13,215	$2,152	$2,152	$541	$60	$31,334
D. C.	$38,309	$38,309	$10,706	$10,706	$0	$0	$98,030
Florida	$144,809	$103,109	$25,261	$25,261	$80	$9	$298,529
Georgia	$133,414	$64,442	$17,441	$17,441	$11	$1	$232,749
Hawaii	$39,299	$39,299	$2,887	$2,887	$64	$7	$84,442
Idaho	$12,906	$6,277	$3,210	$3,210	$918	$102	$26,624
Illinois	$434,568	$434,568	$35,418	$35,418	$0	$0	$939,973
Indiana	$91,832	$61,400	$12,467	$12,467	$0	$0	$178,167
Iowa	$88,170	$71,442	$6,970	$6,970	$0	$0	$173,553
Kansas	$43,110	$41,970	$4,305	$4,305	$0	$0	$93,691
Kentucky	$97,663	$40,435	$7,726	$7,726	$168	$19	$153,737
Louisiana	$99,319	$54,783	$13,992	$13,992	$405	$45	$182,537
Maine	$55,192	$22,950	$2,615	$2,615	$0	$0	$83,373
Maryland	$120,660	$120,660	$13,199	$13,199	$860	$96	$268,672
Massachusetts	$208,926	$207,843	$29,493	$29,493	$0	$0	$475,756
Michigan	$607,328	$590,558	$57,378	$57,378	$0	$0	$1,312,642
Minnesota	$162,382	$145,919	$10,413	$10,413	$0	$0	$329,127
Mississippi	$47,121	$13,578	$4,246	$4,246	$0	$0	$69,192
Missouri	$119,937	$75,400	$11,579	$11,579	$0	$0	$218,496
Montana	$20,680	$11,427	$1,856	$1,856	$0	$0	$35,819
Nebraska	$33,327	$25,009	$3,160	$3,160	$0	$0	$64,657
Nevada	$5,845	$5,845	$1,626	$1,626	$0	$0	$14,942
New Hampshire	$12,128	$8,273	$2,063	$2,063	$0	$0	$24,527
New Jersey	$250,190	$250,190	$40,431	$40,431	$1,349	$150	$582,742
New Mexico	$35,475	$15,649	$4,595	$4,595	$1,014	$113	$61,440
New York	$1,010,674	$1,010,737	$141,600	$141,600	$0	$0	$2,304,611
N. Carolina	$111,884	$49,007	$13,989	$13,989	$1,244	$138	$190,250
N. Dakota	$11,144	$7,030	$1,192	$1,192	$382	$42	$20,982
Ohio	$421,304	$338,624	$33,387	$33,387	$123	$14	$826,837
Oklahoma	$51,316	$36,449	$14,942	$14,942	$193	$21	$117,863
Oregon	$60,810	$45,650	$10,672	$10,672	$0	$0	$127,805
Pennsylvania	$420,630	$329,959	$57,557	$57,557	$8,568	$952	$875,223
Rhode Island	$42,705	$30,709	$2,982	$2,982	$0	$0	$79,377
S. Carolina	$65,777	$23,703	$5,971	$5,971	$296	$33	$101,751
S. Dakota	$12,185	$5,653	$1,471	$1,471	$631	$70	$21,480
Tennessee	$63,131	$26,214	$8,525	$8,525	$96	$11	$106,500
Texas	$123,811	$103,908	$24,362	$24,362	$2,644	$294	$279,381
Utah	$35,984	$14,812	$3,825	$3,825	$419	$47	$58,912
Vermont	$26,478	$11,691	$2,046	$2,046	$284	$32	$42,577
Virginia	$95,868	$73,720	$19,707	$19,707	$0	$0	$209,000
Washington	$165,925	$165,925	$22,980	$22,980	$935	$104	$378,850
W. Virginia	$60,166	$25,091	$4,055	$4,055	$0	$0	$93,368
Wisconsin	$316,414	$239,967	$8,648	$8,648	$979	$109	$574,764
Wyoming	$7,085	$7,085	$1,004	$1,004	$139	$15	$16,332
Guam	$3,420	$1,140	$266	$266	$0	$0	$5,092
Puerto Rico	$47,215	$15,738	$7,316	$7,316	$0	$0	$77,586
Virgin Islands	$2,085	$695	$218	$218	$0	$0	$3,217

Data Sources: State Expenditure Reports SSA-41.

(1) This data represents states' claims of funds expended for a specific time period but does not reflect actual outlays. Outlays are not maintained by the Department on a state-by-state basis. The variance between the expenditure data and actual outlays is not a significant amount for the annual totals.
(2) AFDC Benefits are cash assistance to eligible recipients under Title IV-A of the Social Security Act.
(3) Administration (includes training) is payable to states for the cost of administering the AFDC program under section 403(a)(3) (which includes Title IV-A work programs). Administration includes costs attributable to Emergency Assistance which are not separable. Funds for administration at the federal level were $35,260(000).
(4) Data reflect enhanced administrative funding for the statewide advanced computer systems payable under section 403(a)(3) of the Social Security Act.
(5) The totals reported here are not reduced by Child Support Enforcement Collections because the data are not available by state. Thus the national totals here do not match those in Table XI.
(6) Includes administrative expenditures for Old-Age Assistance for the Aged, Aid to the Blind, Aid to the Permanently and Totally Disabled and for the Aid to the Aged, Blind or Disabled programs. The AFDC portion is not separable.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (In thousands) (1)
13.808 AID TO FAMILIES WITH DEPENDENT CHILDREN

	BENEFITS (2)		ADMINISTRATION (3)		"OTHER" Funds Spent Under This Program Authority (4)		
	Federal(5)	State-local(5)	Federal(6)	State-local(6)	Federal	State-local	Total
United States	$7,721,683	$6,658,807	$843,260	$843,260	$21,930	$2,437	$16,091,377
Alabama	$52,635	$20,327	$8,322	$8,322	$209	$23	$89,837
Alaska	$18,670	$18,670	$2,514	$2,514	$859	$95	$43,325
Arizona	$40,859	$25,893	$3,351	$3,351	$2,146	$238	$75,839
Arkansas	$28,755	$10,288	$4,170	$4,170	$410	$46	$47,839
California	$1,586,346	$1,586,346	$145,580	$145,580	$0	$0	$3,463,852
Colorado	$53,630	$53,630	$7,416	$7,416	$2,254	$250	$124,596
Connecticut	$111,943	$111,943	$9,082	$9,082	$0	$0	$242,050
Delaware	$13,763	$13,763	$2,013	$2,013	$1,031	$115	$32,697
D. C.	$37,301	$37,301	$9,584	$9,584	$52	$6	$93,828
Florida	$145,268	$103,436	$22,751	$22,751	$0	$0	$294,206
Georgia	$133,858	$64,656	$17,580	$17,580	$78	$9	$233,762
Hawaii	$41,402	$41,402	$3,644	$3,644	$0	$0	$90,092
Idaho	$13,850	$6,736	$2,956	$2,956	$1,000	$111	$27,607
Illinois	$421,853	$421,853	$41,144	$41,144	$0	$0	$925,994
Indiana	$91,286	$61,035	$11,233	$11,233	$0	$0	$174,788
Iowa	$87,802	$71,144	$6,864	$6,864	$0	$0	$172,675
Kansas	$43,958	$42,795	$3,822	$3,822	$0	$0	$94,397
Kentucky	$95,131	$39,387	$7,633	$7,633	$0	$0	$149,783
Louisiana	$93,291	$51,459	$13,761	$13,761	$329	$37	$172,637
Maine	$48,837	$20,308	$2,106	$2,106	$0	$0	$73,356
Maryland	$114,551	$114,551	$10,655	$10,655	$1,573	$175	$252,161
Massachusetts	$203,367	$202,313	$26,363	$26,363	$0	$0	$458,407
Michigan	$615,276	$598,286	$51,191	$51,191	$0	$0	$1,315,943
Minnesota	$151,030	$135,718	$10,354	$10,354	$0	$0	$307,455
Mississippi	$44,672	$12,873	$4,063	$4,063	$109	$12	$65,793
Missouri	$120,008	$75,444	$10,583	$10,583	$555	$62	$217,234
Montana	$17,468	$9,652	$1,748	$1,748	$0	$0	$30,616
Nebraska	$32,173	$24,143	$2,762	$2,762	$0	$0	$61,840
Nevada	$5,084	$5,084	$1,518	$1,518	$0	$0	$13,205
New Hampshire	$12,883	$8,788	$1,645	$1,645	$0	$0	$24,962
New Jersey	$245,436	$245,436	$37,721	$37,721	$2,027	$225	$568,567
New Mexico	$33,921	$14,963	$4,177	$4,177	$78	$9	$57,325
New York	$957,547	$957,547	$134,037	$134,037	$0	$0	$2,183,169
N. Carolina	$102,984	$45,109	$13,043	$13,043	$932	$104	$175,216
N. Dakota	$9,106	$5,744	$1,129	$1,129	$754	$84	$17,945
Ohio	$401,826	$322,969	$31,194	$31,194	$0	$0	$787,182
Oklahoma	$49,398	$35,087	$14,256	$14,256	$70	$8	$113,074
Oregon	$57,655	$43,281	$8,329	$8,329	$0	$0	$117,593
Pennsylvania	$405,834	$318,195	$50,283	$50,283	$5,332	$592	$830,320
Rhode Island	$40,704	$29,270	$3,043	$3,043	$0	$0	$76,061
S. Carolina	$54,875	$19,775	$5,568	$5,568	$96	$11	$85,892
S. Dakota	$11,750	$5,451	$1,493	$1,493	$0	$0	$20,187
Tennessee	$58,341	$24,225	$6,825	$6,825	$0	$0	$96,217
Texas	$102,446	$85,978	$22,313	$22,313	$0	$0	$233,051
Utah	$35,759	$14,720	$3,038	$3,038	$285	$32	$56,871
Vermont	$27,659	$12,213	$1,650	$1,650	$640	$71	$43,883
Virginia	$93,253	$71,709	$17,260	$17,260	$0	$0	$199,483
Washington	$147,031	$147,031	$22,265	$22,265	$899	$100	$339,591
W. Virginia	$52,954	$22,083	$3,899	$3,899	$0	$0	$82,836
Wisconsin	$296,287	$224,688	$7,973	$7,973	$211	$23	$537,134
Wyoming	$6,070	$6,070	$930	$930	$0	$0	$13,999
Guam	$3,578	$1,193	$279	$279	$0	$0	$5,329
Puerto Rico	$48,250	$16,083	$5,899	$5,899	$0	$0	$76,132
Virgin Islands	$2,285	$762	$249	$249	$0	$0	$3,544

Data Sources: State Expenditure Reports SSA-41.

(1) This data represents states' claims fo funds expended for a specific time period but does not reflect actual outlays. Outlays are not maintained by the Department on a state-by-state basis. The variance between the expenditure data and actual outlays is not a significant amount for the annual totals.
(2) AFDC benefits are cash assistance to eligible recipients under Title IV-A fo the Social Security Act.
(3) Administration (includes training is payable to states for the cost of administering the AFDC program under section 403(a)(3) (which includes Title IV-A ork programs). Administration includes costs attributable to Emergency Assistance which are not separable. Funds for administration at the fedeal level were $32,529(000).
(4) Data reflect enhanced administrative funding for the statewide advanced computer systems payable under section 403(a(3) of the Social Security Act.
(5) The totals reported here are not reduced by Child Support Enforcement Collections because the date are not available by state. Thus the national totals here do not match those in Table XI.
(6) Includes administrative expenditures for the Old-Age Assistance for the Aged, the Aid to the Blind, the Aid to the Permenanently and Totally Disabled and for the Aid to the Aged, Blind or Disabled program. The AFDC portion is not separable.

IX. A. FY 85 RECIPIENT CHARACTERISTICS (1)
13.808 AID TO FAMILIES WITH DEPENDENT CHILDREN

	Families Served	All Persons(2)	(3)
United States	3,891,610	10,812,295	
Alabama	52,342	150,961	
Alaska	6,349	15,873	
Arizona	25,475	72,092	
Arkansas	21,919	64,173	
California	553,016	1,618,903	
Colorado	27,708	79,114	
Connecticut	41,759	121,715	
Delaware	9,032	24,204	
D. C.	22,425	58,368	
Florida	96,849	271,437	
Georgia	84,807	238,541	
Hawaii	16,171	50,621	
Idaho	6,247	17,232	
Illinois	240,120	734,594	
Indiana	57,015	165,427	
Iowa	39,946	122,703	
Kansas	22,818	67,355	
Kentucky	59,387	159,592	
Louisiana	76,232	230,279	
Maine	19,773	57,150	
Maryland	72,131	194,671	
Massachusetts	86,417	235,425	
Michigan	225,185	690,565	
Minnesota	51,344	151,710	
Mississippi	51,922	154,776	
Missouri	66,455	196,914	
Montana	7,887	22,479	
Nebraska	15,283	44,231	
Nevada	4,725	13,709	
New Hampshire	5,414	14,341	
New Jersey	124,530	367,006	
New Mexico	17,972	50,648	
New York	373,141	1,111,938	
N. Carolina	63,506	165,530	
N. Dakota	4,431	12,406	
Ohio	224,400	672,513	
Oklahoma	28,036	81,753	
Oregon	27,847	73,937	
Pennsylvania	186,342	560,763	
Rhode Island	15,770	43,744	
S. Carolina	43,476	119,762	
S. Dakota	5,850	16,408	
Tennessee	57,035	155,047	
Texas	120,182	362,947	
Utah	12,890	38,043	
Vermont	7,795	22,433	
Virginia	58,434	153,584	
Washington	64,492	177,865	
W. Virginia	33,591	105,796	
Wisconsin	95,466	288,247	
Wyoming	3,812	10,036	
Guam	1,628	5,689	
Puerto Rico	53,490	172,822	
Virgin Island	1,347	4,224	

Data Sources: State data provided on Form SSA-3637.

(1) Based on mean monthly caseload.
(2) Latest available data on age of parents in the assistance unit (March 1979) show that only about 1.5% were over age 55. Data by State are not available.
(3) FY83 data indicate that about 2.8% of assistance units are eligible due to the incapacity of a parent. Data by State are not available. Federal regulations define incapacity as a physical or mental defect, illness, or impairment which substantially reduces or eliminates the parent's ability to provide support or care. The incapacity must be medically verified and must be expected to last for at least 30 days.

IX. B. FY 84 RECIPIENT CHARACTERISTICS (1)
13.808 AID TO FAMILIES WITH DEPENDENT CHILDREN

	Families Served	All Persons (2)	(3)
United States	3,724,860	10,865,604	
Alabama	54,977	154,128	
Alaska	5,761	14,430	
Arizona	26,055	72,304	
Arkansas	22,408	63,345	
California	546,995	1,603,157	
Colorado	30,010	87,329	
Connecticut	43,629	126,727	
Delaware	9,412	25,299	
D. C.	22,903	59,698	
Florida	103,247	281,253	
Georgia	89,251	243,397	
Hawaii	17,128	53,081	
Idaho	6,685	18,313	
Illinois	243,569	743,391	
Indiana	57,922	166,057	
Iowa	39,721	116,555	
Kansas	23,998	70,810	
Kentucky	60,455	159,259	
Louisiana	71,792	216,961	
Maine	17,931	50,926	
Maryland	70,784	192,552	
Massachusetts	87,818	244,450	
Michigan	240,274	743,725	
Minnesota	50,328	146,732	
Mississippi	52,891	154,927	
Missouri	67,962	196,967	
Montana	7,236	20,020	
Nebraska	14,852	42,541	
Nevada	4,501	12,728	
New Hampshire	6,134	16,317	
New Jersey	129,058	382,210	
New Mexico	18,372	50,720	
New York	370,568	1,115,115	
N. Carolina	67,441	166,638	
N. Dakota	4,185	11,498	
Ohio	225,871	680,216	
Oklahoma	27,299	78,830	
Oregon	27,200	71,666	
Pennsylvania	191,742	576,396	
Rhode Island	15,839	44,488	
S. Carolina	46,646	125,805	
S. Dakota	5,825	16,270	
Tennessee	58,838	153,455	
Texas	113,921	339,151	
Utah	12,999	37,938	
Vermont	8,134	23,611	
Virginia	59,123	155,748	
Washington	59,036	161,246	
W. Virginia	32,229	97,880	
Wisconsin	92,745	281,806	
Wyoming	3,342	8,713	
Guam	1,650	6,045	
Puerto Rico	54,819	178,915	
Virgin Islands	1,353	3,869	

Data Sources: State data provided on Form SSA-3637.

(1) Based on mean monthly caseload.
(2) Latest available data on age of parents in the assistance unit (March 1979) show that only about 1.5% were over age 55. Data by State are not available.
(3) FY83 data indicate that about 2.8% of assistance units are eligible due to the incapacity of a parent. Data by State are not available. Federal regulations define incapacity as a physical or mental defect, illness, or impairment which substantially reduces or eliminates the parent's ability to provide support or care. The incapacity must be medically verified and must be expected to last for at least 30 days.

X. A. MEAN FY 85 COSTS PER UNIT SERVED (1)
13.808 AID TO FAMILIES WITH DEPENDENT CHILDREN

	Benefits	Administration	(2)	Total	
United States	$4,065	$499	(3)	$4,607	(3)
Alabama	$1,350	$325		$1,675	
Alaska	$6,633	$964		$7,597	
Arizona	$2,564	$350		$2,914	
Arkansas	$1,882	$407		$2,289	
California	$6,083	$543		$6,627	
Colorado	$3,616	$701		$4,317	
Connecticut	$5,344	$459		$5,803	
Delaware	$2,926	$543		$3,469	
D. C.	$3,417	$955		$4,371	
Florida	$2,560	$523		$3,082	
Georgia	$2,333	$411		$2,744	
Hawaii	$4,860	$361		$5,222	
Idaho	$3,071	$1,191		$4,262	
Illinois	$3,620	$295		$3,915	
Indiana	$2,688	$437		$3,125	
Iowa	$3,996	$349		$4,345	
Kansas	$3,729	$377		$4,106	
Kentucky	$2,325	$263		$2,589	
Louisiana	$2,021	$373		$2,394	
Maine	$3,952	$265		$4,217	
Maryland	$3,346	$379		$3,725	
Massachusetts	$4,823	$683		$5,505	
Michigan	$5,320	$510		$5,829	
Minnesota	$6,005	$406		$6,410	
Mississippi	$1,169	$164		$1,333	
Missouri	$2,939	$348		$3,288	
Montana	$4,071	$471		$4,542	
Nebraksa	$3,817	$414		$4,231	
Nevada	$2,474	$688		$3,162	
New Hampshire	$3,768	$762		$4,530	
New Jersey	$4,018	$661		$4,680	
New Mexico	$2,845	$574		$3,419	
New York	$5,417	$759		$6,176	
North Carolina	$2,533	$462		$2,996	
North Dakota	$4,102	$634		$4,735	
Ohio	$3,386	$298		$3,685	
Oklahoma	$3,130	$1,074		$4,204	
Oregon	$3,823	$766		$4,590	
Pennsylvania	$4,028	$669		$4,697	
Rhode Island	$4,655	$378		$5,033	
S. Carolina	$2,058	$282		$2,340	
S. Dakota	$3,049	$623		$3,672	
Tennessee	$1,566	$301		$1,867	
Texas	$1,895	$430		$2,325	
Utah	$3,941	$630		$4,570	
Vermont	$4,897	$565		$5,462	
Virginia	$2,902	$674		$3,577	
Washington	$5,146	$729		$5,874	
W. Virginia	$2,538	$241		$2,780	
Wisconsin	$5,828	$193		$6,021	
Wyoming	$3,717	$567		$4,284	
Guam	$2,801	—	(4)	—	(4)
Puerto Rico	$1,177	—	(4)	—	(4)
Virgin Islands	$2,064	—	(4)	—	(4)

Data Sources: Benefits and Administration: State Expenditure Reports, SSA-41.
Units Served: Statistical Report on Recipients Under Public Assistance Programs, Form SSA-3637.

(1) Based on mean monthly caseload.

(2) Administrative costs include enhanced funding for statewide advanced computer systems which were shown in the 'other' column in Table VIII.A. United States unit costs for administration and total program costs exclude the territories.

(3) Average United States unit costs for administration and total program costs exclude the territories.

(4) Unit costs for administration cannot be calculated for the territories because administrative costs for AFDC and the adult programs are not separable. Thus, AFDC unit costs cannot be adequately derived for the territories for either the unit cost of administration or total unit cost.

X. B. MEAN FY 84 COSTS PER UNIT SERVED (1)
13.808 AID TO FAMILIES WITH DEPENDENT CHILDREN

	Benefits	Administration	(2)	Total	
United States	$3,881	$463	(3)	$4,365	(3)
Alabama	$1,327	$307		$1,634	
Alaska	$6,482	$1,039		$7,520	
Arizona	$2,562	$349		$2,911	
Arkansas	$1,742	$393		$2,135	
California	$5,800	$533		$6,333	
Colorado	$3,574	$578		$4,152	
Connecticut	$5,132	$416		$5,548	
Delaware	$2,925	$549		$3,474	
D. C.	$3,257	$839		$4,097	
Florida	$2,409	$441		$2,850	
Georgia	$2,224	$395		$2,619	
Hawaii	$4,834	$426		$5,260	
Idaho	$3,079	$1,050		$4,130	
Illinois	$3,464	$338		$3,802	
Indiana	$2,630	$388		$3,018	
Iowa	$4,002	$346		$4,347	
Kansas	$3,615	$319		$3,934	
Kentucky	$2,225	$253		$2,478	
Louisiana	$2,016	$388		$2,405	
Maine	$3,856	$235		$4,091	
Maryland	$3,237	$326		$3,562	
Massachusetts	$4,620	$600		$5,220	
Michigan	$5,051	$426		$5,477	
Minnesota	$5,698	$411		$6,109	
Mississippi	$1,088	$156		$1,244	
Missouri	$2,876	$321		$3,196	
Montana	$3,748	$483		$4,231	
Nebraksa	$3,792	$372		$4,164	
Nevada	$2,259	$675		$2,934	
New Hampshire	$3,533	$536		$4,069	
New Jersey	$3,804	$602		$4,406	
New Mexico	$2,661	$459		$3,120	
New York	$5,168	$723		$5,891	
North Carolina	$2,196	$402		$2,598	
North Dakota	$3,548	$740		$4,288	
Ohio	$3,209	$276		$3,485	
Oklahoma	$3,095	$1,047		$4,142	
Oregon	$3,711	$612		$4,323	
Pennsylvania	$3,775	$555		$4,330	
Rhode Island	$4,418	$384		$4,802	
S. Carolina	$1,600	$241		$1,841	
S. Dakota	$2,953	$513		$3,466	
Tennessee	$1,403	$232		$1,635	
Texas	$1,654	$392		$2,046	
Utah	$3,883	$492		$4,375	
Vermont	$4,902	$493		$5,395	
Virginia	$2,790	$584		$3,374	
Washington	$4,981	$771		$5,752	
W. Virginia	$2,328	$242		$2,570	
Wisconsin	$5,617	$174		$5,792	
Wyoming	$3,632	$556		$4,189	
Guam	$2,892	--	(4)	--	(4)
Puerto Rico	$1,174	--	(4)	--	(4)
Virgin Islands	$2,251	--	(4)	--	(4)

Data Sources: Benefits and Administration: State Expenditure Reports, SSA-41.
Units Served: Statistical Report on Recipients Under Public Assistance Programs, Form SSA-3637.

(1) Based on mean monthly caseload.
(2) Administrative costs include enhanced funding for statewide advanced computer systems which were shown in the 'other' column in Table VIII.B. United States unit costs for administration and total program costs exclude the territories.
(3) Average United States unit costs for administration and total program costs exclude the territories.
(4) Unit costs for administration cannot be calculated for the terrritories because administrative costs for AFDC and the adult programs are not separable. Thus, AFDC unit costs cannot be adequately derived for the territories for either the unit cost of administration or total unit cost.

XI. HISTORICAL DATA (in thousands) (1)(2)
13.808 AID TO FAMILIES WITH DEPENDENT CHILDREN

Federal Fiscal Year	Total Federal Outlays	(3)	Total State-Local Spending		Families Served	(4)	Persons Served	(4)	Federal Staff	(5)
1985	$7,976,727	(6)	$6,780,885	(6)	3,692		10,812		695	
1984	$7,682,518		$6,473,894		3,725		10,866		689	
1983	$7,285,779		$5,942,479		3,651		10,659		676	
1982	$6,991,854		$5,763,628		3,569		10,431		1,038	
1981	$7,230,557		$6,025,679		3,871		11,160		963	
1980	$6,447,018		$5,548,034		3,642		10,597		875	
1979	$6,173,719		$5,277,681		3,493		10,311		976	
1978	$6,229,518		$4,987,628		3,528		10,663		793	
1977	$6,773,101		$5,727,631		3,575		11,108		2,173	
1976	$6,338,247		$5,207,063		3,561		11,339		2,124	
1975	$5,115,798		$4,338,649		3,342		11,067		2,370	
1974	$4,441,601		$3,532,380		3,170		10,845		2,365	
1973	$4,384,037		$3,494,427		3,123		11,038		2,717	
1972	$4,076,422		$3,229,429		2,918		10,632			
1971	$3,489,267		$2,745,198		2,532		9,556			
1970	$2,431,837		$2,035,111		1,909		7,429			
1969	$1,934,863		$1,618,468		1,698	(7)	6,706	(7)		
1968	$1,487,221		$1,234,124		1,410		5,705			
1967	$1,232,149		$995,351		1,217		5,014			
1966	$1,175,450		$880,850		1,088		4,513			
1965	$1,092,750		$915,850		1,039		4,329			
1964	$993,450		$774,650		992		4,118			
1963	$914,250		$686,150		947		3,876			
1962	$845,850		$642,650		931		3,676			
1961	$717,050		$523,050		869		3,354			
1960	$666,700		$463,800		787		3,005			

Data Sources: Outlays from U.S. Budget Documents
Units/Persons: Statistical Report on Recipients Under Public Assistance Programs, Form SSA-3637.
Federal Staff: President's Budget Appendix
State and Local Staff: State Agency Statement of Financial Plan for Aid to Families with Dependent Children (AFDC), Form SSA-125.

(1) Dollars represent outlays and do not match obligations in Table VIII.
(2) Not including Emergency Assistance.
(3) 'Total Federal Outlays' includes benefits, administrative and training expenditures, including enhanced statewide systems expenditures.
(4) Based on mean monthly caseload.
(5) Not in thousands. For the Federal staff count FTEs are used beginning in FY 1980. Full-time permanents (FTPs) are used through FY 1979. Federal staff data excludes other positions, over time and holidays, which constitute less than 5% of total staff in each fiscal year. FTPs are reflected for Fiscal Years 1973-1979. 1973 - 1977 data is from Social and Rehabilitation Service which includes: AFDC, Child Support Enforcement, Medical Assistance and Social Services.
(6) The total outlays reported are reduced by Child Support Enforcement Collections and do not include outlays for the Emergency Assistance, Social Services, or Foster Care programs.
(7) Data shown for Fiscal Years 1960 - 1969 represents calendar year data, not fiscal year data.

SUPPLEMENTAL SECURITY INCOME

I. PROGRAM SUMMARY

The Supplemental Security Income (SSI) program provides cash directly to aged, blind, and disabled persons to help bring their incomes up to a federally-established minimum level. These payments are administered nationwide through the Social Security Administration; the local Social Security Office is the contact point for the applicant in need.

In FY 1986, some 4.23 million persons received federal SSI payments totalling about $9.3 billion. Monthly payments to aged persons averaged about $147 and blind or disabled persons received average monthly payments of about $248. (This difference is largely attributable to differences in other income such as Social Security benefits). The SSI statute requires that whenever Social Security benefits are adjusted to keep pace with inflation, SSI payments are also increased at the same time to reflect changes in the cost-of-living.

Eligibility is limited to individuals (and their eligible spouses) who are age 65 and over, blind, or disabled and whose countable income and resources fall below federally-established levels. The concept of "countable" income and resources used in determining eligibility serves a variety of purposes: to provide a work incentive, for example, a portion of SSI recipients' earnings are disregarded or not counted as income. In general, however, SSI operates as a program of last resort. Applicants are required to apply for all other benefits for which they may be eligible. The SSI program then provides monthly checks to make up any difference between countable income and the minimum income floor established by statute. The minimums in FY 1987 are $340 a month for individuals and $510 a month for individuals with an eligible spouse. In all but 14 states, SSI recipients are automatically eligible for Medicaid; in the 14 states with more restrictive rules, the SSI recipients' medical expenses must be deducted in determining countable income and eligibility for Medicaid.

States may (and in some cases must) provide cash supplements to SSI recipients. State supplementary payments are required by law to maintain the income levels of public assistance recipients who were transferred to the SSI program when it began in 1974. States may elect federal administration at federal expense of their supplements or may administer their supplements with more restrictive rules at their own expense. In FY 1986, 48 states and D.C. provided such supplements totalling about $2.2 billion. States can and do vary their supplements to meet needs peculiar to their residents.

II. ADMINISTRATION

A. Program name: Supplemental Security Income.

B. Catalog of Federal Domestic Assistance No.: 13.807
Budget account number(s): 75-0406-0-1-609.

C. Current authorizing statute: 42 U.S.C. 1381-1383C.

D. Location of program regulations in the Code of Federal Regulations: 20 CFR Part 416 Subparts A-V.

E. Federal administering agency: Social Security Administration (SSA), Department of Health and Human Services.

F. Primary grantee (if any) receiving program funds to provide benefits: Supplemental Security Income pays benefits directly to individuals; there are no grantees.

G. Subgrantee (if any) receiving program funds to provide benefits: Supplemental Security Income pays benefits directly to individuals; there are no subgrantees.

H. Allocation of federal funds.

Since the SSI program is not a grant-in-aid program, the concept of a grantee is not applicable.

I. Role of state and local governments in administering the program.

SSI is a federally administered program funded by federal general revenues. State and local governments are not involved in administering these federal funds. By statute, however, all states without a constitutional bar to supplementation (Texas is the only such state) must supplement federal SSI payments to recipients who:

- Were converted from one of SSI's predecessor programs (grants to states for Old-Age Assistance for the Aged, grants to states for Aid to the Blind, and grants to states for Aid to the Permanently and Totally Disabled, Titles I, X, and XIV of the Social Security Act);
- Continue to meet the eligibility criteria for that program;
- Would be due more benefits based on the criteria of the predecessor program than on the SSI criteria.

These supplements are called mandatory state supplementation. At present, 45 states and the District of Columbia pay mandatory state supplements to some SSI recipients. (Alabama, Nevada, Utah, and West Virginia have no one who would be advantaged by mandatory supplementation.)

In 25 states and the District of Columbia, eligibility for and the amount of the mandatory state supplement is determined by SSA and included in the federal check. States determine the amount of mandatory supplements and issue payments to those eligible for them in the other 20 states. All state supplementation is funded by states, with county cost-sharing in some states.

Also, under the provisions of section 1616 of the Social Security Act, a state may choose to supplement the SSI benefits paid to certain categories of its residents. These payments are referred to as optional state supplements. By regulation, states may vary the levels of optional supplementation paid to recipients on the basis of eligibility category (aged, blind, or disabled), living arrangements, and geographical location. (Congress created the SSI program to provide a floor of income support with the expectation that states would supplement the basic federal payment to meet any needs peculiar to their residents.) For 16 states and the District of Columbia, SSA field offices administer and determine the amount of optional state supplementation payable. When SSA field offices administer the supplementation programs, the federal SSI check includes the supplementation amount. Twenty-seven states administer their own optional supplementation programs.

J. Audit or quality control.

The Social Security Act does not provide any statutory standards for administrative efficiency in the SSI program. Efficiency goals have been administered through SSA's operational initiatives. SSA defines public service to SSI recipients as making accurate and timely payments. Although standards of timeliness and accuracy are not imposed nationally, all regions set such goals as part of local field office managers' merit pay evaluations.

Payment accuracy rates are monitored closely on a national basis. SSA maintains an SSI Quality Assurance (QA) system designed to provide statistically reliable information about how well the SSI program is operating. Through a statistically valid sampling of selected SSI cases, it provides information which reflects the relative "health" of the program, and the efficacy of its underlying policies. Information regarding the eligibility types, sources, and locations of erroneous payments is collected. The data are used to identify sources of error and to take corrective action where necessary. Sample review results are used to estimate payment accuracy for both federal and federally administered state supplemental payments.

The QA system was designed and tested during the first 6 months of the SSI program (January to June 1974); it became operational in July 1974. The QA review process is thorough, in that both positive and negative allegations of income, resources, living arrangements, etc., are verified with a third party. Each case review consists of:

(1) Conducting an extensive interview with the beneficiary including the review and verification of documentary proof, such as proof of age, receipt of pension, and wage income amounts.

(2) Performing collateral contacts to verify the statements made in the interview. Individual consent statements are requested and the person is aware of all collateral contacts and grants permission for them to be made.

The latest reporting period for which official SSI payment accuracy figures are available is FY 1985. Payment accuracy for nondisability factors was 96.7 percent, yielding a payment error of 3.3 percent. Underpayment accuracy rates are computed separately. For FY 1985 the accuracy rate was 99 percent, yielding an error rate of one percent.

An error is defined as a payment discrepancy between the amount received and the amount due for the sample period (usually one month). Overpayment errors include any payment to an ineligible individual or overpayments of at least $5 to an eligible individual. Underpayment errors are defined as any underpayment of at least $5 to an eligible individual.

In FY 1985, the total dollar amount of projected overpayments was $353 million while the amount of projected underpayments was $112.7 million. This compares to total FY 1985 SSI program expenditures of $10.8 billion.

These quality assurance data do not include the effect of Title XVI disability decisions on overall payment accuracy. However, SSA does maintain a separate review function to assess the accuracy of Title XVI disability decisions.

SSI disability and blindness determinations are made by state Disability Determination Services (DDS). SSA maintains an ongoing review of a random sample of the DDS decisions to assess the degree to which they conform to the guidelines for making such decisions. In FY 1986, the overall accuracy rate for reviews of disability decisions on initial clams (both allowances and denials) was 96.6 percent. Because this review process measures adherence to guidelines without a final determination of whether the decision will be proven correct after more evidence is obtained, it is not used to project dollar amounts of error.

The most recent data on the quality of continuing disability review decisions is for FY 1984. After that, a moratorium on such decisions was imposed. The moratorium was recently lifted. Based on a sample of continuing disability decisions made by DDS, the accuracy rate was 96.0 percent.

Timeliness of benefits is monitored through SSA's management information system at the national, regional, and field office levels. In calendar year 1986, the average overall SSI aged award processing time was 11 days. The average overall SSI blind and disabled award processing time was 95 days, of which 76 days represented the time the claim was in the DDS.

SSA uses its extensive quality assurance and management information systems to improve the administrative efficiency of the SSI program. An error profiling system is used to determine the likelihood of a change in recipient circumstances and therefore the need for periodic SSA recontact (referred to as a redetermination) to verify continued eligibility. Error profiles are based on quality assurance data. They have resulted in continued refinements to the redetermination process with significant administrative savings while improving payment accuracy.

Quality assurance data are used to monitor and refine current operating procedures and evaluate or study alternatives. For example, quality assurance data provide the basis for determining which computer matches between SSA records and other systems of records are likely to be productive.

State DDSs are reimbursed their costs for carrying out their functions. Since there are no statutory standards for administrative efficiency in the SSI program and the program is nationally administered, the concept of imposing penalties on states is not applicable.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The objective of the SSI program is to assure a minimum level of income for people who are age 65 or over, or who are blind or disabled and who do not have sufficient income and resources to maintain a standard of living at an established federal minimum income level.

B. Allocation of program funds among various activities.

SSI program funds are distributed among aged, blind, and disabled recipients in the form of monthly benefit payments. During calendar year 1987, the federal benefit rate is $340 for an individual and $510 for a couple, regardless of eligibility category. Program funds are not allocated among the eligibility categories; however, the projected distribution of FY 1987 federal program funds, not including projected optional state supplementary payments of $2.3 billion, is:

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Eligibility Category(1)	FY 1987 Federal Program Funds	FY 1987 Average Monthly Benefits
Aged	$2.2 billion	$145.89
Blind or Disabled	7.6 billion	247.24

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Eligibility for program benefits under the SSI program is determined for a unit of one -- an individual who is aged, blind or disabled -- or a unit of two -- an eligible individual with an eligible spouse.

B. Income eligibility standards.

The monthly income limits used to determine eligibility for SSI benefits are $340 for an individual and $510 for a couple. These are limits on countable income, not gross income. The disregards and exclusions applied to determine countable income are explained below.

In addition, the income limit is higher for approximately 4,200 individuals who were converted from the state programs for the aged, blind, and disabled in January 1974 and have an "essential person(s)." An essential person is one who lived in the home of the qualified individual in December 1973 and still does, who was not eligible for state assistance in December 1973 and is not eligible for SSI, and whose needs the state took into account in determining the amount of assistance paid to the qualified individual for December 1973. The monthly income limit, as stated above, is increased by $170 for each essential person. (If the essential person has income, that income is taken into account through a process called deeming as explained below.)

Finally, a special payment limit applies for people who reside in a medical facility where Medicaid is paying more than 50 percent of the cost of care. This limit is $25 for an individual and $50 for a couple. Therefore, if countable income exceeds $25 ($50) for these people, no SSI payment is made. The payment is for personal needs of individuals in medical facilities. The amount of this $25 payment limit has not changed since the beginning of the program. This limit applies only when the individual or couple resides in the medical facility the entire month.

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1 Average monthly benefits vary among the eligibility categories due to differing patterns in their living arrangements and types and amounts of unearned and earned income.

However, it does not apply to the first two such entire months if, in the month the individual enters the facility, he or she is eligible under Section 1619(a) or (b) of the Social Security Act.

The federal benefit rates of $340 a month for individuals and $510 a month for couples are consistent for all categories. However, maximum income allowed can vary by subgroups of eligibles. These are of two types:

o First, the amount of income counted and used to offset benefits paid may vary due to statutory income exclusions. Title XVI of the Social Security Act contains several work incentive provisions available to the disabled and blind which permit disregarding some income received by recipients who make efforts to work and/or become self-supporting; and

o Second, states may elect optional supplementation of categories of their SSI populations. States may vary supplements paid to recipients on the basis of their eligibility category (aged, blind, disabled), living arrangements, and/or geographic location. Maximum income limits will vary consistently with subgroups selected by states for supplementation. For example, California supplements the blind at a higher rate than the aged or disabled; that state's eligible blind can have more income than aged or disabled persons in similar circumstances.

Income for the SSI program is anything an individual receives in cash or in kind which can be used to meet his needs for food, clothing, and shelter.

In determining countable income for SSI purposes, the first $65 of gross monthly earned income is excluded. Subsequently, half of any remaining earned income is excluded so that only $1 out of every $2 is counted and affects eligibility or benefit amount. However, the first $20 of income per month from any source is statutorily excluded. This general exclusion is first applied to unearned income to avoid disadvantaging individuals with both earned and unearned income. If the individual has less than $20 in unearned income, the difference between the unearned income and $20 (i.e., the remainder of the exclusion) will be subtracted from gross earned income prior to the $65 exclusion.

In addition, infrequent or irregular earned income of $10 or less is totally excluded.

An important concept in the SSI program is retrospective monthly accounting (RMA). This legislatively mandated process results in the income for a particular month being counted for computation purposes two months later.

Example

In May 1987, Rita Beebe, an aged SSI recipient, is paid gross wages of $250 for her work as a receptionist. She has no other income. The computation of her SSI payment for July is as follows:

$250.00	gross wages (and only income)
- 20.00	general income exclusion
230.00	
- 65.00	earned income exclusion
165.00	
- 82.50	one-half the remaining earned income
$ 82.50	countable income

$340.00	SSI Federal Benefit Rate
- 82.50	countable income
$257.50	federal SSI payment

If Ms. Beebe receives a monthly pension of $200 in addition to her wages of $250, the computation for July would be:

$200.00	pension
- 20.00	general income exclusion
$180.00	countable unearned income

$250.00	gross wages
- 65.00	earned income exclusion
185.00	
- 92.50	one-half the remaining earned income
$ 92.50	countable earned income

$180.00	countable unearned income
+ 92.50	countable earned income
$272.50	total countable income

$340.00	SSI Federal Benefit Rate
-272.50	total countable income
$ 67.50	federal SSI payment

The ordinary and necessary expenses attributable to the earning of income are deducted from the earned income of a blind person. The expenses need not be directly related to the worker's blindness. Some frequently encountered work expenses include: transportation to and from work, meals at work, job equipment, licenses, income and FICA taxes, and the cost of job training. Expenses for life maintenance (such as life insurance or self-care) are not work-related and are not deductible. There is no specific dollar limit on the amount which can be deducted. However, the amount for a month must be reasonable and not exceed the earned income in that month.

Earned Income

In addition, the SSI program allows several special earned income exclusions for the blind and disabled as follows:

Work Expenses of the Blind

Impairment-Related Work Expenses of the Disabled (IRWE)

Once a disabled person is found eligible for SSI, the cost of certain impairment-related services and items that the person needs in order to work can be excluded from earnings in determining monthly countable income. The income and resources test, however, must be met without deduction of IRWE in determining initial eligibility for SSI.

In calculating an IRWE, an amount equal to the cost of certain attendant care services, medical services, equipment, prostheses, and similar items and services is deductible from earnings. The costs of routine drugs and routine medical services are not deductible unless such drugs and services are necessary to control the disabling condition.

Plans for Achieving Self-Support (PASS) for the Blind or Disabled

Earned income may be excluded under a plan for achieving self-support.

Earned Income Statistics (December 1986)

December 1986 Caseload (monthly)	4,269,184
With Earned Income	
Number	165,310
Percent of caseload	3.9
Mean average amount	$142.17

Unearned Income

Under the SSI program some things an individual may receive (other than earnings) are not considered to be income (i.e., are totally disregarded) as follows:

- Medical care and services;
- Social services except food, clothing, and shelter provided by a nongovernmental program;

- Receipts from the sale, exchange, or replacement of a resource (i.e., the receipts are a resource, not income);
- Income tax refunds;
- Proceeds of a loan (money an individual borrows or receives as repayment of a loan);
- Bills paid directly to the supplier by someone else (however, the value of what is received as a result of the payment may be income in-kind);
- Replacement of income already received (i.e., replacement of lost, stolen, or destroyed income);
- Weatherization assistance;
- Non-cash items (except food, clothing, or shelter) which would be an excluded nonliquid resource if kept;
- That part of a payment which is for an expense of obtaining that income (e.g., medical or legal fees connected with an insurance settlement);
- That part, up to a maximum of $1,500, of the proceeds of a life insurance policy which are spent on expenses related to a final illness and burial.

In addition, the SSI program has special rules for valuing food, clothing, and shelter received in-kind which one could argue result in a disregard in some circumstances. Food, clothing, or shelter received in-kind is called in-kind support and maintenance. There are two mutually exclusive rules used to determine the value of in-kind support and maintenance received.

Under one rule a value equal to one-third the federal benefit rate is assigned to the food and shelter an individual receives while living in the household of another. Effective January 1987, this value is $113.33 for an individual. This value is never lower even if the individual submits evidence showing that the value of the food and shelter received is less than $113.33

The second rule is used for individuals who receive food, shelter, or clothing but do not live in another person's household where they receive food and shelter. Such individuals may be living in their own household or, if living in someone else's household, they do not receive both food and shelter there or they may be living outside of a household setting.

For these persons, a maximum value is assigned to the in-kind support and maintenance they receive. This maximum value is equal to one-third the federal benefit rate plus $20. Effective January 1987, this value is $113.33. The value is figured so that after applying the general $20 income disregard, an individual with no other income would receive the same SSI payment as an individual living in another's household. Unlike the first rule, under this rule, the individual is given an opportunity to show that the value of the total food, shelter, or clothing received is actually less than the maximum value. If it is less, then the actual value is assigned to the in-kind support and maintenance.

Since these rules place a maximum value on the amount of in-kind support and maintenance which will be used to determine the individual's benefit, one could argue that the value of in-kind support and maintenance received which is in excess of this maximum value is disregarded. If the maximum value of in-kind support and maintenance (whether under the first rule or the second) is charged, further increases in such income have no effect. The maximum value to be used increases whenever the federal benefit rate increases, for instance, due to cost-of-living adjustments.

Once the amount of an individual's or couple's income is determined, the following income other than earnings is excluded:

- Income excluded by other federal laws (a list of these is provided at the end of this question);
- A public agency's refund of taxes on real property or food;
- Assistance based on need which is wholly funded by a state or one of its subdivisions (including Indian tribes);
- Any portion of a grant, scholarship or fellowship used for paying tuition, fees, or other necessary educational expenses;
- Food which is raised and consumed by the household;
- Assistance received under the Disaster Relief Act of 1974 and under any federal statute because of a Presidentially declared major disaster;
- $20 or less of unearned income if it is received infrequently or irregularly. Income is irregular if the individual cannot reasonably expect to receive it (i.e., it is unpredictable and so cannot be counted on or budgeted for). Income is infrequent if it is received only once in a calendar quarter from a single source. All irregular and infrequent income is added to decide if the exclusion applies. If the total exceeds $20 this exclusion does not apply;
- Periodic payments made by a state under a program established before July 1, 1973, and based solely on duration of residence and attainment of age 65; (i.e.,

Alaska Longevity Bonus payments under certain circumstances);

- Payments to the provider for providing foster care to an ineligible child placed in the provider's home;
- Interest earned on excluded burial funds and any appreciation in the value of an excluded burial arrangement which are left to accumulate in a burial fund;
- State-certified home energy and support and maintenance assistance. (Basically, this affects food, clothing, or shelter provided by private nonprofit organizations and assistance from utility and fuel companies. Statutory authority expires 9/30/87.);
- German Reparations payments made by the Federal Republic of Germany to survivors of the Holocaust;
- One-third of support payments made by an absent parent;
- The first $20 of unearned income which has not been excluded by any provision mentioned above. However, this exclusion does not apply to needs-based payments funded totally or partially by the federal government (e.g., this exclusion does not apply to Veterans Administration needs-based pension programs) or by a nongovernmental agency; every dollar of such payments is counted;
- Unearned income used to fulfill a plan for achieving self-support.

State Plan Rules for Converted Recipients

There is an alternative set of exclusions that apply only to those SSI recipients who were converted from the state programs for the aged, blind, and disabled in 1974. (Currently 910,000 of the original 3.1 million recipients automatically converted from state administered programs continue to receive SSI payments.) In determining the countable income of such a person SSA uses either the federal exclusions explained above or the exclusions of the state plan under which the individual received assistance for December 1973, whichever is more advantageous to the individual. This provision applies only if the individual has resided continuously in the state from whose assistance roles he was converted and has not been ineligible for SSI for a period exceeding six consecutive months.

Deeming

Finally, in the SSI program, which makes payments on the basis of a unit of an eligible individual or an eligible couple, the income of some ineligible individuals who are responsible for the SSI applicant or recipient is taken into account by a process called deeming. In deeming, the income of certain individuals (an ineligible spouse or parent or an essential person who lives with an eligible individual; or the sponsor of an alien) is considered to be the unearned income of the eligible individual. For an essential person or for a sponsor of an alien, this includes all income except home energy and support and maintenance assistance and income which is excluded under federal laws other than the Social Security Act.

The way deemed income varies depends on whether the eligible individual lives with an ineligible spouse, ineligible parent(s), or essential person, or is an alien with a sponsor. The following general steps are used to determine how much income to deem.

(1) How much earned and unearned income the ineligible spouse, ineligible parent, essential person, or sponsor has, is determined and the appropriate exclusions are applied. These exclusions differ somewhat from those listed above which apply to an eligible individual's own income.

For an ineligible spouse or parent, the following types of income are excluded:

(a) Income excluded by federal laws other than the Social Security Act (see next section);

(b) Any public income-maintenance payments the ineligible spouse or parent receives, and any income which was counted or excluded in figuring the amount of that payment;

(c) Any of the income of the ineligible spouse or parent that is used by a public income-maintenance program to determine the amount of that program's benefit to someone else;

(d) Any portion of a grant, scholarship, or fellowship used to pay tuition or fees;

(e) Money received for providing foster care to an eligible child;

(f) The value of Food Stamps and the value of Department of Agriculture donated foods;

(g) Food raised by a parent or spouse and consumed by members of the household;

(h) Tax refunds on income, real property, or food purchased by the family;

(i) Income used to fulfill an approved plan for achieving self-support;

(j) Income used to comply with the terms of court-ordered support or support payments enforced under Title IV-D of the Social Security Act;

(k) The value of in-kind support and maintenance;

(l) Periodic payments made by a state under a program established before July 1, 1973, and based solely on duration of residence and attainment of age 65;

(m) Disaster assistance;

(n) Income received infrequently or irregularly;

(o) Work expenses if the ineligible spouse or parent is blind;

(p) Income of the ineligible spouse or ineligible parent which was paid under a federal, state, or local government program (For example, payments under Title XX of the Social Security Act) to provide the SSI recipient with chore, attendant, or homemaker services;

(q) Certain home energy assistance and support and maintenance assistance.

(2) An amount for each ineligible child in the household ($170 for a child with no other income) is allocated before income is deemed from either an ineligible spouse or ineligible parent.

(3) The appropriate deeming formula is then applied to the remaining income. The formula used generally depends upon whose income is being deemed (e.g., parent, spouse) and whether earned or unearned income is involved. This formula takes into account the needs of the parent(s), spouse, or sponsor(s).

Income Excluded by Other Federal Laws

Food

(1) Value of food coupons under the Food Stamp Act of 1977, Section 1301 of Pub. L. 95-113 (90 Stat. 968, 7 U.S.C. 2017(b)).

(2) Value of federally donated foods distributed under section

32 of Pub. L. 74-320 (49 Stat. 774) or Section 416 of the Agriculture Act of 1949 (63 Stat. 1058, 7 CFR 250.6(e)(9)).

(3) Value of free or reduced price food for women and children under the:

   (a) Child Nutrition Act of 1966, Section 11(b) of Pub. L. 89-642 (80 Stat. 889, 42 U.S.C. 7180(b)) and section 17 of that Act as added by Pub. L. 92-433 (86 Stat. 729, 42 U.S.C. 1786); and

   (b) National School Lunch Act, Section 13(h)(3), as amended by Section 3 of Pub. L. 90-302 (82 Stat. 119, 42 U.S.C. 1761(h)(3)).

Housing and Utilities

(1) Assistance to prevent fuel cut-offs and to promote energy efficiency under the Emergency Energy Conservation Services Program or the Energy Crisis Assistance Program as authorized by Section 222(a)(5) of the Economic Opportunity Act of 1964, as amended by Section 5(d)(1) of Pub. L. 93-644 and Section 5(a)(2) of Pub. L. 95-568 (88 Stat. 2294 as amended, 42 U.S.C. 2809(a)(5)).

(2) Fuel assistance payments and allowances under the Home Energy Assistance Act of 1980, Section 313(c)(1) of Pub. L. 23 (94 Stat. 299, 42 U.S.C. 8612(c)(1)).

(3) Value of any assistance paid with respect to a dwelling unit under:

   (a) The United States Housing Act of 1937;

   (b) The National Housing Act;

   (c) Section 101 of the Housing and Urban Development Act of 1965; or

   (d) Title V of the Housing Act of 1949.

(4) Payments for relocating made to persons displaced by federal or federally assisted programs which acquire real property, under Section 216 of Pub. L. 91-646, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (84 Stat. 1902, 42 U.S.C. 4636).

Education and Employment

(1) Incentive allowances for individuals under Section 124(a)(3) of the Comprehensive Employment and Training Act (CETA) (92 Stat. 1943, 29 U.S.C. 826(a)), also earnings and allowances paid to a youth in certain training or employment programs

(applies to the youth and the youth's family) under Section 446 of CETA (929 Stat. 1992, 29 U.S.C. 921).

(2) Grants or loans to undergraduate students made or insured under programs administered by the Secretary of Education under Section 507 of the Higher Education Amendments of 1968, Pub. L. 90-575 (82 Stat. 1063).

(3) Any wages, allowances, or reimbursement for transportation and attendant care costs, unless excepted on a case-by-case basis, when received by an eligible handicapped individual employed in a project under Title VI of the Rehabilitation Act of 1973 as added by Title II of Pub. L. 95-602 (92 Stat. 2992, 29 U.S.C. 7959(b)(c)).

Native Americans

(1) Revenues from the Alaska Native Fund paid under Section 21(a) of the Alaska Native Claims Settlement Act, Pub. L. 92-203 (85 Stat. 713, 43 U.S.C. 1620(a)).

(2) Indian tribes -- distribution of per capita judgment funds to members of:

    (a) The Blackfeet and Gros Ventre Tribes under Section 4 of Pub. L. 54 (86 Stat. 65, 25 U.S.C. 1264);

    (b) The Grand River Band of Ottawa Indians in Indian Claims Commission docket numbered 40-K under section 6 of Pub. L. 94-540 (90 Stat. 2504);

    (c) Tribes or groups under section 7 of Pub. L. 93-134 (87 Stat. 468, 25 U.S.C. 1407); and

    (d) The Yakima Indian Nation or the Apache Tribe of the Mescalero Reservation as authorized by Section 2 of Pub. L. 95-433 (92 Stat. 1047, 25 U.S.C. 609(c)(1)).

(3) Receipts from land held in trust by the federal government and distributed to members of certain Indian tribes under Section 6 of Pub. L. 94-114 (89 Stat. 579).

Other

(1) Compensation provided volunteers in the Foster Grandparents Program and other similar programs under Section 404(g) and 418 of the Domestic Volunteer Service Act of 1973 (87 Stat. 409, 413, 42 U.S.C. 5044(g) and 5058).

(2) Any assistance to an individual (other than wages or salaries) under the Older Americans Act of 1965, as amended by Section 102(h)(1) of Pub. L. 95-478 (92 Stat. 1515, 42 U.S.C. 3020(a)).

Unearned Income Statistics

March 1984 Caseload	3,891,000
With Unearned Income:	
Number	2,269,000
Percent of total caseload	58.3
Mean average amount	$232.20
Median average amount	$230.60
Standard deviation	$101.84

NOTE: In general, the majority of the cases were concentrated around $232.20; however, there were a few cases (less than .15 percent) that were above 3 standard deviations from the mean or $537.72.

With Unearned Income Disregarded	
Number	2,269,000
Percent of total caseload	58.3
Mean average amount disregarded	$20.52
Median average amount disregarded	$20.00
Standard deviation	$39.35

NOTE: In general, the majority of the cases were concentrated around $20.52; however, there were a few cases (less than .15 percent) that were above 3 standard deviations from the mean or $138.57.

In December 1984, 232,000 individuals received in-kind support and maintenance valued under the statutory one-third reduction rule. Another 143,000 received in-kind support and maintenance valued under the presumed maximum value rule. Approximately one-third of these individuals have the maximum value counted as income.

Resources

The SSI program uses the term "resources" (rather than "assets") in determining financial need. A person with too much in resources is ineligible for SSI payments. However, as long as resources are within the statutory limit, they have no effect on payment amount. Note that a person who is ineligible solely due to excess resources may receive SSI payments for a limited period if he or she agrees to dispose of the excess and repay the SSI program from the proceeds (an explanation of these "conditional payments" is provided below).

Definition

Resources are cash or any other real or personal property that an individual owns and could convert to cash to obtain food, clothing, or shelter. The term does not apply to any property right on which there is a legal restriction preventing its sale or liquidation.

Resources are either liquid or non-liquid. Liquid resources are cash or any other property which can be converted to cash within 20 working days. Any other resources are non-liquid. This distinction is significant for purposes of determining whether an individual with excess resources can receive conditional SSI payments or whether certain resources can be excluded as being property essential to self-support (described later under this question).

Valuation of Resources

Resource values are established as of the first of the calendar month. Any changes during a month in the existence, value, or excludability of resources are not taken into consideration until the beginning of the following month.

For SSI purposes, cash is considered at its face value. Otherwise, the value of a resource is its equity value (except for certain automobiles, discussed below). Equity value is the amount for which an item can reasonably be expected to sell on the open market in the geographic area involved (i.e., its current market value) minus any encumbrances.

Resource Limits

Section 1611(a) of the Social Security Act limits SSI eligibility with respect to countable resources as follows:

Effective Date	Single Individual	Individual and Spouse
1/1/74	$1,500	$2,250
1/1/85	1,600	2,400
1/1/86	1,700	2,550
1/1/87	1,800	2,700
1/1/88	1,900	2,850
1/1/89	2,000	3,000

Resource Exclusions

Not all resources count against the statutory limits shown above. Such resources do not count because they are specifically excluded (in entirety or within certain limits) by the Social Security Act. These exclusions can and do change, but only through legislative action. While there is a higher dollar resource limit for a couple, they get the same resource exclusions as a single individual. In determining countable resources, the following are excluded based on provisions of the Social Security Act:

- A home regardless of value. This means a home owned by an eligible individual and/or a spouse and used as the principal place of residence. A home includes any adjacent land and related buildings on it. (For administrative simplicity, all buildings located on the land are considered part of the home property.)

- Household goods and personal effects to the extent their equity value does not exceed $2,000. However, in determining equity value, one wedding ring and one engagement ring are excluded, regardless of value. Also excluded are personal items such as wheelchairs or prosthetic devices required because of a person's physical condition.

- One automobile, regardless of value, if used to provide necessary transportation or, if not so used, to the extent its current market value does not exceed $4,500.

- Property essential for self-support if an individual's equity in the property does not exceed $6,000, and the property produces a net annual return of at least 6 percent of equity. Property of a trade or business can be excluded whether it is liquid or non-liquid. However, nonbusiness income-producing property can be excluded only if it is non-liquid (e.g., tools, uniforms, etc.).

- Resources of a blind or disabled individual which are necessary to fulfill an approved plan for achieving self-support.

- The cash surrender value of life insurance provided the total face value of insurance owned on any one person's life does not exceed $1,500. (Any policy which does not have a cash surrender value -- e.g., burial insurance or most term insurance -- is not a resource because it cannot be liquidated.)

- Burial funds not in excess of $1,500 each for an eligible individual and his or her spouse provided the individual would otherwise be ineligible due to excess resources. However, this $1,500 exclusion is reduced by the face value of any insurance policies the individual owns if their cash surrender value has been excluded under the life insurance provision. The $1,500 is also reduced by any amounts in an irrevocable arrangement available for burial.

- Burial spaces, regardless of value, if intended for the use of an eligible individual, his or her spouse, or any member of the individual's immediate family. This exclusion covers any traditionally used repository for last remains as well as headstones and grave markers.

- The unspent portion of any retroactive payment made under Title II or Title XVI of the Social Security Act. This exclusion is limited to six months following the month of receipt of the retroactive payment.

- Any assistance provided under the Disaster Relief Act or under any other federal statute because of a disaster declared by the President to be a major disaster. Any interest earned on such assistance is also excluded. The exclusion applies for up to 9 months from receipt and can be extended to 18 months for good cause.

- Any cash or in-kind replacement from any source of an excluded resource which has been lost, damaged, or stolen. This includes any interest earned on such assistance. The exclusion applies for up to nine months from receipt and can be extended to 18 months for good cause.

- Stock in regional or village corporations held by natives of Alaska. The exclusion applies only during the 20-year period during which the stock cannot be transferred under the provisions of the Alaska Native Claims Settlement Act.

- Restricted allocated land which is owned by an enrolled member of an Indian tribe and cannot be disposed of without the permission of others.

- Wages paid under the Transitional Employment Training Demonstration project if retained past the month of receipt. This exclusion applies through April 30, 1988, and exists by virtue of a special demonstration waiver. This project is to determine the effectiveness of new job-training techniques for mentally retarded SSI recipients. Participants' wages will also be excluded in determining substantial gainful activity and will not count for trial work period purposes. However, the usual income counting rules apply.

In addition to the above-listed exclusions, any exclusions authorized by provisions of other federal statutes are applied. These include such things as compensation provided to volunteers under various ACTION agency programs, the value of federal relocation assistance, and per capita judgment distributions to members of Indian tribes.

State Plan Rules for Converted Recipients

There is an alternative set of exclusions that apply only to those SSI recipients who were transferred ("converted") in January 1974 from the prior adult assistance rolls to the rolls of the SSI program. In determining countable resources for such a person, SSA uses either the federal resource limits and exclusions described above or the resource limit and exclusions of the state plan under which the individual received assistance for December 1973 -- whichever is more advantageous to the individual. This provision applies only if the individual has resided continuously in the state from whose assistance rolls he or she was converted and if the individual has not been ineligible for SSI for a period exceeding 6 consecutive months.

Example

This example will illustrate the workings of the resources rules described above.

Margaret Sands is an aged individual who filed for SSI benefits on March 10, 1987. At that time she had a checking account, a few shares of stock, the home in which she lived, and an automobile which she needed in order to get to the stores, the doctor, etc. The home and automobile are excluded regardless of value. Going back to March 1 (since resources are evaluated at the beginning of the month in all situations) it was found that her countable resources were:

$ 600	Checking account
800	Stock
$1,400	Countable resources

Since the 1987 resource limit for an individual is $1,800, Ms. Sands is eligible with respect to resources. Therefore, the automobile and bank account have no effect on the amount of her benefits.

Ms. Sands' circumstances remained unchanged until July 1987 when she needed money for home repairs and sold her automobile for $600 in cash. (Although the automobile was excluded, the cash is not.) She put the $600 in her checking account from which she spent $200 in the same month. Her stock also increased in value during July. As of August 1, her countable resources were:

$ 1,000	Checking account
850	Stock
$ 1,850	Countable resources

Ms. Sands is ineligible for the month of August. If her countable resources decrease to $1,800 or less as of September 1, she can be eligible again for September.

Disposal of Resources at Less Than Fair Market Value

If an individual or couple disposes of a countable resource at less than its fair (current) market value, the difference between the market value and the amount received is called the resource's uncompensated value. By statute, it is presumed that the disposition was for the purpose of becoming eligible for SSI or Medicaid benefits and count any uncompensated value against the resource limit for 24 months from the date of disposition. The individual may present evidence that rebuts the presumption and shows that the disposal was solely for some other purpose.

Changes in Program Rules Subsequent to FY 1984

As a result of changes in law and/or regulations, the following changes affect fiscal years after 1984:

- As shown in the table under "Resource Limits," the statutory limits on an individual's or couple's countable resources increases by $100 or $150 on January 1 of each year from 1985 through 1989.

- Any unspent portion of a retroactive Title II or Title XVI underpayment is excluded for 6 months from receipt if received on or after October 1, 1984.

- Effective October 22, 1985, a vehicle is considered an excludable automobile regardless of value if needed as necessary transportation because of climate or terrain. Simultaneously, because of this expansion under uses for necessary transportation, it was no longer possible to exclude a second automobile under property essential to self-support unless the vehicle is used in an income-producing activity and is subject to the equity value and net return limits.

- Effective October 22, 1985, a home continues to be considered an individual's principal place of residence, and so excluded from resources, if the individual is absent for any reason or any length of time but intends to return, or when the individual is institutionalized on a long-term basis, his or her spouse or a dependent relative continues to live there. Under prior policy, an absence of more than 6 months required further evaluation of the home's excludability.

- Effective October 22, 1985, property which represents required governmental authority to engage in an income-producing activity (e.g., a salable license or permit) is not subject to the equity value and net return limits applicable to property essential to self-support.

Higher Resource Limits for Certain Converted Recipients

As described above, a converted recipient may be entitled to a higher limit on countable resources (in addition to higher resource exclusions in some instances). This occurs if the individual is entitled to use of the resource limits and exclusions under the state plan from which he or she was converted and that plan allowed a higher level of resources.

Conditional SSI Payments Despite Excess Resources

If an individual or couple is ineligible solely because of excess resources, it is sometimes possible to make conditional SSI payments during a period which allows time to cash in nonliquid resources. Conditional payments are made only if the individual or couple:

- o Have total countable resources not in excess of $3,000 or $4,500;
- o Have total countable liquid resources not in excess of triple the applicable federal benefit rate (i.e., in 1987 not in excess of $1,020 for an individual or $1,530 for a couple);
- o Agree in writing to dispose of the excess non-liquid resources within three months (personal property) or six months (real property) with a possible three-months' extension for good cause; and agree to repay, from the sale proceeds, SSI benefits that would not have been paid except for this provision.

C. Other eligibility requirements.

In addition to meeting the income and assets tests, an individual must be age 65 or over, blind, or disabled (as determined under the Social Security Act) to qualify for SSI payments.

Basis of Eligibility (March 1986)

	Number	Percent	
1. Age	1,526,003	36.0%	
2. Blindness(2)	82,730	1.9%	(0.2% of these were children)
3. Disability(2)	2,633,816	62.1%	(6.2% of these were children)

In addition to the categorical and need criteria described above, an individual or couple must file an application and meet all of the following eligibility requirements:

- o Be a resident of one of the 50 states, the District of Columbia, or the Northern Mariana Islands.

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[2] Nineteen percent of the disabled and 28 percent of the blind are age 65 or over.

- Be a citizen of the United States (U.S.) or an authorized alien. An individual may become a U.S. citizen either by birth or by naturalization.

  An authorized alien is not a citizen but is present in the U.S. under the authorization of the Immigration and Naturalization Service (INS). These fall into two groups:

  (1) Aliens lawfully admitted for permanent residence; or

  (2) Aliens permanently residing in the U.S. under color of law. This group includes any alien residing in the U.S. with the knowledge and permission of the INS and whose departure INS does not contemplate enforcing. It also includes certain aliens who are residents of long duration.

- Be present in the United States.

  A person who is outside the U.S. for a full calendar month or more is not eligible for SSI benefits for such month or months. A person who has been outside the U.S. for 30 consecutive days or more is not considered to be back until he or she has spent 30 consecutive days in the U.S. SSI eligibility may resume in the month in which the second 30-day period ends if the individual continues to meet all other eligibility criteria.

- File for any other benefits for which he or she is potentially eligible.

  Because SSI is a program of last resort, persons must file for other benefits such as Social Security-Old Age, Survivors and Disability Insurance (Title II), private pensions, Earned Income Tax Credit payments, etc., which are sources of income that reduce SSI benefits.

  Once an individual is provided with written notice of potential eligibility for other benefits and of the requirement to pursue such benefits, the individual has 30 days to file for the benefits involved.

- Accept vocational rehabilitation services if blind or disabled.

  Blind or disabled persons under age 65 are referred to state agencies for appropriate vocational rehabilitation services. Anyone who refuses such services without good cause is not eligible to receive SSI benefits.

- Accept appropriate treatment, if available, for drug addiction or alcoholism.

Disabled persons who have been medically determined to be drug addicts or alcoholics must undergo available appropriate treatment for the addiction or alcoholism. Failure to do so or to comply with the requirements of such treatment results in ineligibility. A person who has been determined to be disabled solely because of addiction or alcoholism, must be paid through a representative payee.

Residents of public institutions are not eligible for SSI, with the following exceptions:

- Residents of medical facilities may be eligible for a maximum $25 monthly payment, if Medicaid is paying more than 50 percent of the cost of care.
- Residents of public emergency shelters for the homeless may be eligible for a full monthly payment, limited to three months in a 12-month period.
- Residents of publicly operated community residences may be eligible for a full monthly payment (such residences must be designed to serve no more than 16 residents).
- Residents of public institutions may be eligible for a full monthly payment if they are participating in an approved educational or vocational training program designed to prepare the individual(s) for gainful employment.
- Residents of public medical (nonMedicaid) institutions, or of public or private Medicaid institutions may be eligible for full benefits for the first two full calendar months they reside in such institution if, in the month they enter the institution, they are eligible under Section 1619(a) or (b) of the Social Security Act.

There are no other conditions which would preclude participation in the SSI program by persons who are otherwise eligible.

D. Other income a recipient unit is required or expected to spend to receive benefits.

None.

V. BENEFITS AND SERVICES

A. Program intake process.

The intake procedures for the SSI program described below are prescribed by regulations (20 CFR 416.301-416.360) under the authority of the Social Security Act (section 1631(e)(1)(A).

Voluntary application

All new claimants must file an application for SSI benefits with SSA; however, the decision to file is voluntary. The application may be filed in person or by mail at any of the SSA field offices or with a person designated by SSA to receive applications outside the field offices. State agencies make disability or blindness determinations for SSI claimants on behalf of SSA.

Automatic intake due to eligibility for some other program

At the inception of the program (January 1974), recipients under the Old Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled (State Administered programs) were automatically converted to the SSI program. There are no other automatic conversion provisions.

Referrals from third parties

SSA receives referrals from other public and private agencies for individuals who may be eligible for SSI. Typically, these referrals come from state and local welfare offices. States may establish agreements with the Secretary to provide benefits to SSI claimants while their SSI applications are pending. When a state establishes an agreement of this type to pay interim assistance, the first SSI check is sent to the state to defray its interim expenditures. Interim Assistance Reimbursement agreements are one example of third party referrals, where the individual applied for assistance from the state or local welfare agency and has agreed to file for SSI benefits.

Outreach initiatives legislatively mandated

SSA was mandated by Pub. L. 98-21 (1983) to inform potentially eligible aged individuals of the existence of and possible benefits from SSI. All Title II beneficiaries receiving a monthly RSI check below the amount to be eligible for SSI if no other unearned income was received were notified of potential eligibility. This one-time initiative during the period February through June 1984 resulted in an estimated 85,000 new aged recipients. An ongoing outreach effort beginning in July 1983 involves a letter to individuals whose SSA record indicates will soon meet Medicare eligibility criteria. An estimated 2,000 new SSI recipients are accrued each month from this ongoing effort.

State agencies make disability or blindness determinations for SSI claimants under the provisions of federal regulations. There are no other provisions for local administering agencies or service providers.

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In FY 1984, an estimated 22 percent of the total current caseload represented converted cases, less than 2 percent represented the result of the outreach effort, approximately 10 percent resulted from Interim Assistance Reimbursement agreement referrals and a small, but undetermined percentage resulted from other third party referrals. The remaining caseload is from voluntary applications. For FY 1985 and beyond, the one-time outreach in FY 1984 will represent an ever decreasing percentage of the caseload.

B. Program benefits or services.

Assistance under the SSI program is provided as an unrestricted cash payment for all basic needs.

The SSI program provides monthly checks to recipients. Payments for a month usually are mailed for delivery on the first day of the month. SSI benefits are paid to eligible individuals and couples. When both members of a couple are eligible, the amount due to the couple is routinely divided equally and issued in separate checks.

Section 1611 of the Social Security Act provides for two SSI benefit rates. These are used to determine eligibility and to compute the amount of benefits payable. Countable income reduces the amount of benefits payable. The benefit rate for an eligible individual without an eligible spouse is $340 per month. The benefit rate for an eligible couple is $510 a month. The original benefits established by Congress were $130 for an eligible individual and $195 for an eligible couple; these were raised to $140 and $210, respectively, just before the program was implemented in January 1974. The legislative history does not reflect the basis for these benefit levels.

Forty-eight states and the District of Columbia supplement SSI benefits paid to some recipients. In 26 states and the District of Columbia, at least some state supplements are federally administered. When an individual or couple is eligible for a federally administered state supplement, the benefit rate used to determine eligibility and to compute the amount of benefits payable is a total of potential federal and state benefits payable.

The amount of SSI payable to an individual or couple is determined by deducting countable income from the applicable benefit rate. Under the rules in section 1612 of the Social Security Act and defined in regulations, recipients' income is subject to certain exclusions. Countable income is determined after application of the statutory exclusions. Different rules may apply to persons converted from SSI's predecessor programs under the provisions of sections 1611(h) and 1618 of the Social Security Act. If a person converted from one of the predecessor programs has remained eligible for, and would receive more benefits from, the predecessor program, the criteria of the predecessor program are used to establish payment amount.

Eligibility and benefit amount data are gathered by SSA field offices. The SSI computer system determines income eligibility and benefit amounts for most individuals and couples using those data. Field office employees make eligibility and benefit amount decisions for the remainder.

Payments are prorated in the initial month of eligibility for the number of days of eligibility in that month. After the first month, benefits for the current month are based on retrospective income. In the second month of eligibility, income received in the month of initial eligibility is used to determine the current month's benefit. From the third month of eligibility on, income received two months before the current month is used to determine the amount of benefits payable in the current month so long as the recipient remains eligible. Similar rules for determining payments for the current month are used when continuing eligibility is lost and then reestablished.

Beginning January 1984, cost-of-living adjustments occur each January. If the rates after an increase are not a multiple of $12 for the year, they are lowered to the closest multiple of $12.

C. Duration of benefits.

There are no general duration or participation limitations for the SSI program. There are some specific duration requirements related to specific circumstances, e.g., payments to a resident of a public emergency shelter for the homeless are limited in any 12-month period; an individual loses eligibility if he is out of the U.S. for more than 30 days, etc.

As of September 1986, 831,830 of the original 3.1 million recipients automatically converted from state-administered programs at the inception of the SSI program (January 1974) continue to receive payments. The average duration that persons receive benefits is estimated to be 18 years for an aged recipient and 16 years for a blind or disabled recipient.

Following is the distribution of duration of benefits to date for all recipients in current payment status based upon the date the current SSI administrative record was established. The mean will increase over time as the program ages, until all recipients converted in January 1974 leave the rolls.

Percentage of Blind and Disabled Recipients in Current Pay Status in March 1986 and March 1987 by Duration of Receipt of Benefits to date.

Duration to Date	March 1986	March 1987
up to 1 year	8.7%	8.4%
1-2 years	11.5	12.7
2-3	10.0	9.8
3-4	6.8	8.3
4-5	5.7	5.8
5-6	5.7	4.8
6-7	5.1	5.0
7-8	4.8	4.5
8-9	5.4	4.2
9-10	4.8	4.7
10-11	5.8	4.2
11-12	6.0	5.0
12-13	14.3	5.3
over 13	5.3	17.3
Mean	6.6 years	6.8 years
Median	6.0	6.0
Standard deviation	4.4	4.7

Percentage of Aged Recipients in Current Pay Status in March 1986 and March 1987 by Duration of Receipt of Benefits to date.

Duration to Date	March 1986	March 1987
up to 1 year	8.1%	8.7%
1-2 years	10.9	9.0
2-3	9.8	9.7
3-4	5.7	8.7
4-5	4.6	5.1
5-6	5.7	4.2
6-7	5.6	5.2
7-8	5.0	5.2
8-9	4.8	4.6
9-10	4.3	4.5
10-11	5.2	3.9
11-12	6.4	4.6
12-13	20.0	5.6
over 13	4.1	20.9
Mean	7.0 years	7.2 years
Median	6.9	6.8
Standard Deviation	4.5	4.8

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

In no case does participation in another assistance program provide categorical or automatic eligibility for SSI payments.

In no case does participation in another assistance program satisfy any of the conditions of program eligibility for the SSI program.

There are no provisions in the SSI program to categorically preclude participation because of participation in another assistance program.

B. Counting assistance from other programs.

There are situations in which assistance from another program are not considered to be income for SSI purposes. For example, medical and social services are not considered to be income and would include payments under:

- Medicaid;
- Title XX of the Social Security Act;
- Title IV B of the Social Security Act;
- Title V of the Social Security Act;
- The Rehabilitation Act of 1973.

SSI rules specifically prohibit the counting of assistance provided under another federal assistance program in two instances:

(1) When federal law outside the SSI program prohibits counting the assistance. This is explained above under unearned income exclusions.

(2) When deeming is involved and the income of the parent or spouse whom the SSI program holds responsible includes a public income maintenance payment.

Public income maintenance (PIM) payments are payments made under:

(a) Title IV-A of the Social Security Act (Aid to Families with Dependent Children);

(b) The Refugee Act of 1980 (payments based on need);

(c) The Disaster Relief Act of 1974;

(d) General Assistance programs of the Bureau of Indian Affairs;

(e) State or local government assistance programs based on need;

(f) U.S. Veterans Administration programs (payments based on need).

In a deeming situation, when the income of a parent or spouse is evaluated to determine if part of it should be counted as income to the SSI individual, all PIM payments and all income which another PIM program considered are excluded. This is based on the premise that to do otherwise would negate the other program. For example, if the spouse of an SSI recipient receives both a VA needs-based pension and a Title II payment, both payments in the calculations are excluded. The VA has considered the Title II and determined that the spouse needs a VA pension in addition to his Title II in order to meet his own needs. If the SSI program were to consider part of the Title II payment as available to meet the needs of the SSI recipient, it would leave the spouse with insufficient funds to meet his needs as determined by the VA.

Benefits from other programs constitute unearned income and the regular SSI income counting rules as explained above would apply.

C. Overlapping authorities and benefits.

The SSI program is a cash income source of last resort. In establishing the SSI program, Congress intended that the program should pay people only to the extent that their needs are not met from other sources. Therefore, persons eligible for SSI are required to apply for all other cash benefits for which they could be eligible (e.g., Title II, VA pensions, civil service retirement, etc.). These benefits constitute income in determining the SSI payment needed to bring the recipient's income up to the minimum income level.

SSI recipients may be eligible for a range of non-cash food and shelter programs.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Finance
    Subcommittee on Social Security and Income Maintenance Programs

House of Representatives

Committee on Ways and Means
    Subcommittee on Public Assistance and Unemployment Compensation

B. Appropriating subcommittees.

Senate

Subcommittee on Labor, Health and Human Services, Education, and Related Agencies

House of Representatives

Subcommittee on Labor, Health and Human Services, Education, and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

House of Representatives

Committee on Education and Labor
    Subcommittee on Select Education (October 17, 1985)

D. Federal legislation.

Title I of the Social Security Act of 1935 provided matching federal grants to states for Old Age Assistance (OAA). OAA paid cash to needy persons age 65 and over. Similar grants were authorized under Title X, for Aid to the Blind (AB). Aid to the Permanently and Totally Disabled (APTD) was created in 1950 under Title XIV of the Social Security Act to supplement the AB program. As with AFDC, it was expected that these programs would shrink as social insurance programs covered more of the population. The programs were administered by the states, with limited federal control, and states set income eligibility and benefits.

The SSI program (Title XVI of the Social Security Act) enacted October 30, 1972, provided a fully federally financed, federally administered cash assistance program which provided nationally uniform minimum income levels for all needy aged, blind, and disabled people, including disabled children. The SSI program replaced, effective January 1, 1974, the state-administered OAA, AB, and APTD programs. The main objectives of the SSI program were to provide:

- An income source of last resort for the aged, blind, and disabled whose income and resources were below a specified level;

- Eligibility requirements and benefit standards that were nationally uniform and eligibility determinations based on objective criteria;
- Incentives and opportunities for those recipients able to work or to be rehabilitated that would enable them to escape from their dependent situations;
- An efficient and economical method of providing this assistance;
- Inducements to encourage states to provide supplementation of the basic federal benefit;
- Appropriate coordination of the SSI program with the food and medical assistance programs;
- Protection for the eligibility and income levels of recipients under the OAA, AB, and APTD programs who were converted to the SSI program.

The process of reviewing and refining the SSI program began well before the program became operational. Early changes were, for the most part, narrowly constructed to address the effect of the program on particular groups. Later changes have followed this same pattern.

As a result, changes in the SSI program might be characterized as having been made on a piecemeal basis. SSI has been amended by provisions contained in 38 separate laws. In addition to these changes, the laws governing several other federally funded assistance programs have been amended to clarify how the benefits and services those programs provide are to be treated by the SSI program. Changes in SSI over the past years can be broadly categorized as:

- Protecting current recipients and improving program equity;
- Defining the SSI programs's relationship with other federal programs, the states, and private programs;
- Eliminating loopholes, improving administrative efficiency, and effecting budget savings;
- Improving disability provisions.

The following summarizes the major statutory changes enacted since 1972.

PROTECTING RECIPIENTS AND IMPROVING EQUITY

1973 Increased, effective January 1974, SSI benefit standard from $130 to $140 (individuals) and from $195 to $210 (couples), and subsequent legislation further increased the standards to $146 and $219, respectively.

Required states to maintain pre-SSI assistance levels through supplementation of the federal SSI benefit for aged, blind, and disabled transferred to SSI from OAA, AB, and APTD rolls. Maintained pre-SSI income and resource tests (if more generous than under SSI programs for these grandfathered individuals).

1974 Provided automatic cost-of-living increases based on the same rules governing Social Security benefit cost-of-living increases. Timing of the increases coordinated with increases under Social Security benefit programs.

1975 Provided separate benefit computations for couples separated by institutionalization to assure that the benefit of each will be based only on the income that each receives rather than on the couple's combined income as is the usual case.

Protected Medicaid eligibility of SSI recipients who become ineligible because of the amount of income they receive under Social Security.

Provided that residents of non-Medicaid public institution could receive SSI benefits if the institution was a community residence housing 16 or fewer people.

1976 Excluded from a person's resources the principal place of residence regardless of its value.

Required states that supplemented the SSI benefit to pass through to the recipient increases resulting from cost-of-living adjustments.

1982 Excluded from a person's resources burial plots and, within limits, funds designated for the person's burial.

1983 Increased benefits by $20 to $304.30 (individuals) and $30 to $456.40 (couples) effective July 1983, and shifted dates of future cost-of-living increases from July to January.

Provided that residents of public shelters for the homeless could be SSI eligible for up to 3 months in any 12-month period.

Required special outreach efforts for low income Social Security beneficiaries.

1984 Increased resource limits from $1,500 to $2,000 (individuals) and from $2,250 to $3,000 (couples) by increments of $100 and $150, respectively, each January in 1985 through 1989.

Limited the rate at which overpayments may be collected from ongoing SSI benefits.

Precluded recovery of overpayments caused by the failure to report resources in excess of SSI limits by $50 or less, except where failure to report the excess was deliberate.

Excluded from a person's resources for 6 months retroactive SSI and Social Security benefits.

1986 Provided for the reestablishment of Medicaid coverage via SSI for certain disabled widow(er)s who become eligible for SSI because of the 1983 change in the method of calculating their Social Security benefits.

Eliminated permanently the 3-percent COLA trigger so that increase in the CPI in any amount will be reflected in the benefit rates.

Continued Medicaid coverage for individuals who lose SSI eligibility because of becoming eligible for or receiving an increase in disabled adult or child benefits under Social Security.

Provided that SSI payments due deceased persons may be paid to a surviving spouse (whether or not the spouse is eligible), and to the surviving parent(s) of an eligible disabled or blind child, provided that these survivors lived with the deceased at the time of his death or within the six months preceding his death.

Required that a method of making SSI payments be provided for eligibles who do not have permanent residences or addresses.

Required the establishment of a system by which individuals who are residents of public institutions may apply for SSI prior to their release.

DEFINING SSI's RELATIONSHIP WITH OTHER FEDERAL, STATE, AND PRIVATE PROGRAMS

FEDERAL PROGRAMS

Medicaid

1986 Provided that states' Medicaid plans are not required to apply SSI rules for a husband and wife residing in the same room in a medical facility if those rules disadvantage either spouse under Medicaid.

Provided that states' Medicaid plans that do not use SSI eligibility criteria must continue the coverage of blind or disabled SSI recipients who become eligible for benefits under Section 1619.

Food Stamps

1973 Eliminated original prohibition against Food Stamp eligibility for SSI recipients except in certain states that "cashed out" Food Stamps with state supplementary payments; provided automatic Food Stamp eligibility for SSI recipients in all other states.

1977 Eliminated automatic Food Stamp eligibility for SSI recipients; based eligibility on regular Food Stamp provisions.

Permitted "SSI households" to apply for Food Stamps in SSA offices.

1985 Restored automatic Food Stamp eligibility for SSI recipients.

1986 Required the establishment of procedures by which an applicant for SSI who is about to be released from a public institution may also apply for Food Stamps by executing a single application.

Disaster and Housing Assistance

1976 Excluded disaster assistance from income and resources.

Excluded housing assistance from income.

State and Local Programs

1974 Provided for the exclusion from income of the Alaska Longevity Bonus.

1976 Provided that the federal government could enter into agreements with state or local governments under which these entities could receive reimbursement for general assistance they provided an SSI recipient during the period his SSI claim was pending a decision. The reimbursement came from SSI funds due the recipient for the same period he had received general assistance.

Excluded from income state and local needs-based assistance.

Required that the state, as part of its social service plan, establish and enforce standards for group living facilities.

Required that states pass through increases in federal SSI standards resulting from cost-of-living adjustments as a condition of states receiving federal Medicaid funds. States may maintain either individual levels or spend an amount on supplementary payments equal to the amount spent in the preceding 12 months. (Also reported under the previous category.)

1981 Provided that SSI checks that are not cashed within 180 days may be recredited to the federal SSI account and that state portions of those uncashed checks may be turned over to the state.

1982 Provided for the phase out of the hold-harmless provision under which a state, which because of the SSI program's more liberal eligibility standards and state's decisions to provide supplementation to the SSI benefit and have the federal government administer those payments, was protected from having to spend more than it had under the OAA, AB, and APTD programs.

Allowed states flexibility in meeting the mandatory passthrough requirements by permitting them not to have to pass through all cost-of-living adjustments since 1976 in switching from one method of compliance to another.

1983 Changed the base month from December 1976 to March 1983 for purposes of maintaining individual payment levels under the mandatory passthrough requirement.

1984 Modified the exclusion from income of the Alaska Longevity Bonus to take account of changes in the state's law. The exclusion now applies only to those already receiving the bonus or to others who would have soon become eligible for it.

1986 Required that SSA agree to administer a state's supplementary payment to people residing in Medicaid facilities and eligible to receive a benefit based on the $25 standard provided SSA is administering the State's optional supplementary payments program (personal needs allowance).

Private Programs

1974 Excluded from income, support and maintenance provided by private, nonprofit retirement homes to residents.

1982 Temporarily excluded from income certain home energy assistance provided by private, nonprofit organizations or utilities. Similar temporary provisions were also enacted in 1983, one of which also included the exclusion of in-kind, needs-based assistance provided by a private, nonprofit organization.

1984 Extended the life of the exclusion of home energy assistance and in-kind, needs-based assistance through September 30, 1987.

ELIMINATING LOOPHOLES, IMPROVING ADMINISTRATION, AND EFFECTING BUDGET SAVINGS

1973 Required that disabled persons being transferred from the APTD program to SSI had to have been on the APTD rolls before July 1973.

1980 Required that the income and resources of sponsors of immigrants applying for SSI be considered as being part of the immigrant's income and resources for 3 years after his entry to the United States.

Required that any retroactive Social Security benefits be reduced by the amount of any SSI benefits that would not have been paid if the Social Security benefits had been paid when they were due. (This provision applied to decisions of initial entitlement only.)

Required that assets transferred for less than their market value by an individual in order to attain SSI eligibility will continue to be counted among the individual's assets for 24 months from the date of transfer.

1981 Changed the SSI determination period from a prospective three-month (quarterly) accounting method to a monthly retrospective method.

1982 Required that the first-month's benefit be prorated by the number of days in a month elapsing from the date of application.

Required that the federal SSI standard benefits be rounded to the next lower whole dollar whenever benefits were increased by a cost-of-living adjustment.

1984 Expanded the provision by which Social Security benefits were offset by the amount of SSI benefits that would not have been paid to provide for offsetting either Social Security or SSI benefits in any situation in which retroactive SSI or Social Security benefits might result in a windfall to the recipient.

Required that Internal Revenue Service periodically provide SSA with information about the receipt of interest or other kinds of unearned income for SSI recipients. Such information is used as a development lead to determine whether a recipient is correctly reporting all income and assets.

Provided authority to recover SSI overpayments from income tax refunds.

IMPROVEMENTS IN DISABILITY PROVISIONS

1980 Authorized a three-year demonstration (January 1981 - December 1983) to test the work incentive effects of providing cash benefits and Medicaid to individuals who work despite their impairments and would not otherwise be eligible for SSI.

Excluded impairment-related work expenses from income for purposes of both determining whether earnings constituted substantial gainful activity and the benefit amount.

Changed the treatment of remuneration from sheltered work shops from unearned to earned income, thus providing for greater amounts of this income to be disregarded.

1984 Extended through June 30, 1987, the demonstration providing special cash benefits and Medicaid to individuals working in spite of their impairments.

1986 Made permanent the provisions of Section 1619 and modified other SSI work-incentive provisions to make Section 1619 easier to administer and for the public to understand. The modifications allow relatively free movement between regular SSI eligibility and special status provided by Section 1619 and permit the reestablishment of eligibility under either category without first having to reestablish disability.

Required the notification of potential eligibility for work-incentive benefits under Section 1619 to adult disabled or blind SSI recipients at the time of initial award and when they first report having earnings of $200 or more and periodically thereafter.

Provided that individuals eligible for benefits under Section 1619 who are admitted to public medical or psychiatric institutions will be eligible for benefits for the first two months throughout which they are institutionalized. The institutions must agree not to require these benefits to be used to offset the cost of care.

E. Major federal implementing regulations and regulatory changes.

SSI Regulations

The list below does not include regulations published which were limited to implementing legislation.

General Subject: Applications

Title: Extension of Protection of Filing Date of SSI Application

Date of Regulation: July 2, 1979

Citation: 20 CFR 416.345-416.350

Description: Since the beginning of the SSI program, a written statement expressing an intent to file for SSI benefits was considered the date the application was filed, if an application was subsequently filed.

Beginning July 2, 1979, in addition to a written statement, an oral inquiry about eligibility for SSI (even if no intent to file is expressed) is treated as the date the application is filed, if an application is subsequently filed.

Also beginning July 2, 1979, an application for benefits under Title II of the Social Security Act (Retirement, Survivors, or Disability benefits) is considered an oral inquiry about SSI eligibility even if no discussion of SSI took place, if the Title II benefit would not preclude SSI benefits.

General Subject: Income, General

Title: Additions to What is Not Income

Date of Regulation: October 3, 1980

Citation: 20 CFR 416.1103

Description: Four additions were made to the list of things which are not considered income:

(1) payments by credit life or credit disability insurance;

(2) proceeds of a loan (money borrowed or received as a repayment of a loan);

(3) payment of bills by someone else;

(4) weatherization assistance.

General Subject: Unearned Income

Title: In-Kind Support and Maintenance Rental Subsidy -- Jackson v. Heckler

Date of Regulation: April 21, 1986

Citation: 20 CFR 416.1130(b)

Description: This regulation was issued under the decision of the U.S. Court of Appeal for the Seventh Circuit and pursuant to orders of the U.S. District Court for the Northern District of Indiana.

The regulation provides that in determining eligibility for and amount of SSI benefits in Illinois, Indiana, and Wisconsin (Seventh Circuit) an individual will be considered not to be receiving in-kind support and maintenance in the form of a rental subsidy if the amount of rent that must be paid under a rental agreement equals or exceeds, the presumed maximum value (PMV) (one-third of the federal benefit rate plus $20). If the amount of required rent is less than the PMV, the amount of the rental subsidy, if any, will be determined by subtracting the required payment from the PMV or current market value, whichever is less.

General Subject: Unearned Income

Title: Valuing Support and Maintenance in Certain Household and Nonmedical Institutional Situations -- One-third Reduction Not Applicable

Date of Regulation: July 7, 1978

Citation: 20 CFR 416.1125 (Now 20 CFR 416.1140)

Description: This regulation established a rebuttable presumption that the maximum value of in-kind support and maintenance (not otherwise excluded and not valued under the one-third reduction rule) is an amount which, for an individual with no other income, would result in a payment at two-thirds of the applicable federal benefit rate.

General Subject: Deeming

Title: Revised Spouse-to-Spouse and Parent-to-Child Deeming Rules

Date of Regulation: September 6, 1978

Citation: 43 FR 39567; 20 CFR 416.1185; Recodified (20 CFR 416.1160-1169)

Description: Prior to the regulations change, the income deeming process was the same for both children and individuals with ineligible spouses.

Since the regulations change, the income deeming process differs for children and individuals with ineligible spouses. An individual with an ineligible spouse is not treated like an eligible couple; that is, the couple's federal benefit rate is used in the spouse-to-spouse deeming formula to determine the benefit payable to the eligible individual, rather than computing an amount of income to be deemed to him.

In addition, the regulations revised the parent(s) allocation in parent-to-child deeming by relating it to the amount of income required to make the parent(s) ineligible if they were to file for SSI. The parent-to-child deeming formula results in an amount of income to be deemed as unearned income to the child.

Title: Special Deeming Rules

Date of Regulation: February 15, 1984

Citation: 49 FR 5747 (416.1161(a) and 416.1204(a))

Description: In extraordinary cases, to prevent the institutionalization of some individuals whose medical needs could be met at lower costs if they lived at home, the Secretary did not apply the usual rules on deeming of income and/or resources where those rules would have resulted in an individual's being ineligible for SSI and Medicaid. Those temporary provisions expired December 31, 1984, but determinations made under the regulation remain in effect unless revised because of changed circumstances or new information.

General Subject: SSI Resources

Title: Resource Valuation

Regulation Date: July 24, 1979

Citation: 20 CFR 416.1201

Description: Changed the basis for valuing resources from current market value to equity value.

Title: Home Exclusion

Regulation Date: August 9, 1977

Citation: 20 CFR 416.1212

Description: Eliminated the ceiling on the value of an excludable home. Made a home excludable regardless of value.

Title: Household Goods or Personal Effects Exclusion

Regulation Date: July 24, 1979

Citation: 20 CFR 416.1216

Description: Increased from $1,500 current market value to $2,000 equity value the amount considered to be reasonable (i.e., excludable).

Title: Resources Determinations

Regulation Date: February 11, 1987

Citation: 20 CFR 416.1207

Description: Provided that resources determinations are always made as of the first moment of the month and that any changes in resources during a month are not taken into account until the first moment of the next month.

Title: Distinction Between Liquid and Non-liquid Resources

Regulation Date: February 11, 1987

Citation: 20 CFR 416.1201(b) and (c)

Description: Defined resources other than cash as liquid or non-liquid resources depending on whether they can or cannot be converted to cash within 20 working days.

General Subject: Agreements with States

Title: State Supplementation

Date of Regulation: February 21, 1975

Citation: 20 CFR 416, Subpart T (416.2001-416.2090)

Description: Defined the conditions under which the Secretary will enter into agreements with states to make supplementary payments, and specifically provided that supplementary payments may vary only on the basis of a recipient's category (aged, blind, disabled), living arrangement, and geographic location.

Title: Medicaid Eligibility Determinations

Date of Regulation: February 21, 1975

Citation: 20 CFR 416, Subpart U (416.2101-416.2119)

Description: Defined the conditions under which the Secretary will enter into agreements with states to perform Medicaid eligibility determinations for the aged, blind, and disabled. Regulations stipulate that states must use the SSI eligibility criteria to have an agreement, and that states must provide Medicaid to all individuals belonging to a category.

General Subject: Appeals and Notices

Title: Payment Continuation

Date of Regulation: April 28, 1978

Citation: 20 CFR 416.1136-416.1337

Description: Widened a Supreme Court interpretation on welfare benefits to include SSI and implemented a district court decision that except in very limited circumstances, no reduction in benefits, suspension, or termination of benefits action can be taken without giving a recipient prior written notice and the opportunity to continue payment at the previous level pending an appeal.

F. Innovative practices at the federal, state, or local levels to achieve the program's objectives.

Demonstration Projects

Section 1110(b) of the Social Security Act authorizes the Secretary to waive provisions of Title XVI of the Social Security Act in order to carry out demonstration projects in the SSI program. Thus far, two projects have been undertaken using this authority: (1) the Transitional Employment Training Demonstration aimed at encouraging mentally retarded recipients to perform productive employment as described under IV-F; and (2) the Demonstration on Drug Addicts and Alcoholics which is aimed at assessing whether the special treatment and payment requirements described in IV-K prevent permanent disability and promote recovery. To facilitate participation in the project, two waivers have been granted:

(1) Waiver of the mandatory treatment requirement for participants who were not already in treatment at the time of the initial interview; and

(2) Waiver of the bar to eligibility for inmates of public institutions for participants who are in public institutions specifically for treatment of their drug addiction or alcoholism.

The Transitional Employment Training Demonstration includes 700 recipients; 350 in the study group and 350 in the control group.

The Demonstration on Drug Addicts and Alcoholics includes 608 participants.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (in thousands)
13.807 SUPPLEMENTAL SECURITY INCOME

	BENEFITS					
	Federal	(1)	State-local	(1)	Total (2)	
United States	$8,652,220		$2,237,049		$10,889,269	(3)
Alabama	272,837		15,050		287,887	
Alaska	8,793		12,970		21,763	
Arizona	81,740		2,224		83,964	
Arkansas	140,335		30		140,365	
California	1,141,516		1,288,260		2,429,776	
Colorado	67,366		47,568		114,934	
Connecticut	63,760		31,900		95,660	
Delaware	16,073		457		16,530	
D. C.	39,599		4,106		43,705	
Florida	443,157		8,182		451,339	
Georgia	323,771		13		323,784	
Hawaii	26,438		3,598		30,036	
Idaho	18,338		4,036		22,374	
Illinois	333,073		44,629		377,702	
Indiana	106,318		1,171		107,489	
Iowa	53,731		1,620		55,351	
Kansas	43,840		32		43,872	
Kentucky	226,882		9,921		236,803	
Louisiana	284,415		51		284,466	
Maine	36,745		5,372		42,117	
Maryland	124,574		4,364		128,938	
Massachusetts	183,274		109,954		293,228	
Michigan	269,624		62,824		332,448	
Minnesota	63,379		17,119		80,498	
Mississippi	235,029		33		235,062	
Missouri	175,613		5,987		181,600	
Montana	16,269		805		17,074	
Nebraska	28,252		5,337		33,589	
Nevada	16,004		2,421		18,425	
New Hampshire	13,404		7,699		21,103	
New Jersey	206,754		46,675		253,429	
New Mexico	60,017		223		60,240	
New York	814,431		225,075		1,039,506	
N. Carolina	296,836		37,188		334,024	
N. Dakota	12,329		1,189		13,518	
Ohio	309,905		1		309,906	
Oklahoma	123,407		30,189		153,596	
Oregon	58,376		9,863		68,239	
Pennsylvania	361,706		65,203		426,909	
Rhode Island	29,327		8,842		38,169	
S. Carolina	179,276		4,055		183,331	
S. Dakota	16,293		510		16,803	
Tennessee	276,084		6		276,090	
Texas	508,940				508,940	
Utah	19,516		824		20,340	
Vermont	16,339		6,709		23,048	
Virginia	181,806		11,389		193,195	
Washington	108,421		20,022		128,443	
W. Virginia	105,994				105,994	
Wisconsin	105,994		71,733		177,727	
Wyoming	4,506		181		4,687	

Data Sources: Social Security Administration

(1) Data reflects total outlays adjusted for returned check and overpayment refunds.

(2) Costs of federal administration of SSI through local Social Security Offices and chargeable to this budget account were $952,519(000).

(3) Includes data for the Northern Mariana Islands and data not attributed to any State.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands)
13.807 SUPPLEMENTAL SECURITY INCOME

	BENEFITS					
	Federal	(1)	State-local	(1)	Total (2)	
United States	$7,517,384		$2,050,505		$9,567,889	(3)
Alabama	241,627		14,365		255,992	
Alaska	7,608		12,193		19,801	
Arizona	70,502		2,045		72,547	
Arkansas	125,950		20		125,970	
California	990,489		1,162,117		2,152,606	
Colorado	59,792		46,660		106,452	
Connecticut	55,009		31,813		86,822	
Delaware	14,274		422		14,696	
D. C.	35,139		4,023		39,162	
Florida	382,889		5,860		388,749	
Georgia	285,915				285,915	
Hawaii	22,031		3,522		25,553	
Idaho	15,215		3,750		18,965	
Illinois	275,942		31,368		307,310	
Indiana	85,322		873		86,195	
Iowa	45,625		1,441		47,066	
Kansas	37,268		30		37,298	
Kentucky	196,869		10,127		206,996	
Louisiana	252,402		65		252,467	
Maine	31,993		4,827		36,820	
Maryland	108,049		3,078		111,127	
Massachusetts	156,776		107,065		263,841	
Michigan	234,191		58,816		293,007	
Minnesota	55,148		10,358		65,506	
Mississippi	211,635		38		211,673	
Missouri	154,968		6,946		161,914	
Montana	13,632		772		14,404	
Nebraska	24,364		5,377		29,741	
Nevada	13,536		2,350		15,886	
New Hampshire	11,299		8,134		19,433	
New Jersey	177,577		42,491		220,068	
New Mexico	52,195		231		52,426	
New York	708,394		215,930		924,324	
N. Carolina	260,738		31,824		292,562	
N. Dakota	10,572		1,528		12,100	
Ohio	261,176		5		261,181	
Oklahoma	110,510		31,277		141,787	
Oregon	49,166		14,636		63,802	
Pennsylvania	317,844		62,356		380,200	
Rhode Island	24,899		8,117		33,016	
S. Carolina	157,344		3,173		160,517	
S. Dakota	13,878		458		14,336	
Tennessee	246,699				246,699	
Texas	446,104				446,104	
Utah	15,900		765		16,665	
Vermont	14,509		6,192		20,701	
Virginia	158,852		9,146		167,998	
Washington	91,271		18,142		109,413	
W. Virginia	91,421				91,421	
Wisconsin	87,440		65,982		153,422	
Wyoming	3,713		181		3,894	

Data Sources: Social Security Administration

(1) Data reflects total outlays adjusted for returned check and and overpayment refunds.
(2) Costs of federal administration of SSI through local Social Security offices and chargeable to this budget account were $864,023,(000).
(3) Includes data for the Northern Mariana Islands and data not attributed to any State.

IX. A. FY 85 RECIPIENT CHARACTERISTICS
13.807 SUPPLEMENTAL SECURITY INCOME

	Persons Served	(1)	Elderly	(2)	Handicapped or Disabled	(3)
United States	4,130,220	(4)	1,563,906		2,565,849	
Alabama	133,509		66,815		66,694	
Alaska	3,397		1,156		2,241	
Arizona	32,015		10,632		21,383	
Arkansas	72,862		35,516		37,346	
California	671,671		266,741		404,930	
Colorado	42,081		20,704		21,377	
Connecticut	36,722		11,351		25,371	
Delaware	7,283		2,124		5,159	
D. C.	15,706		4,079		11,627	
Florida	180,420		80,245		100,175	
Georgia	152,184		62,140		90,044	
Hawaii	10,990		4,829		6,161	
Idaho	8,599		2,468		6,131	
Illinois	148,298		32,533		115,765	
Indiana	45,205		12,099		33,106	
Iowa	26,710		8,901		17,809	
Kansas	20,595		5,983		14,612	
Kentucky	98,793		36,611		62,182	
Louisiana	125,207		51,237		73,970	
Maine	21,838		8,340		13,498	
Maryland	51,317	(5)	14,705		35,548	
Massachusetts	111,213		53,908		57,305	
Michigan	118,916		30,376		88,540	
Minnesota	33,149		10,664		22,485	
Mississippi	111,560		53,108		58,452	
Missouri	81,619		32,152		49,467	
Montana	7,220		1,899		5,321	
Nebraska	14,774		4,683		10,091	
Nevada	7,635		3,434		4,201	
New Hampshire	6,028		1,839		4,189	
New Jersey	90,370		30,229		60,141	
New Mexico	25,774		9,397		16,377	
New York	348,110		114,056		234,054	
N. Carolina	140,667		58,424		82,243	
N. Dakota	6,347		2,543		3,804	
Ohio	123,862		27,727		96,135	
Oklahoma	64,195		29,801		34,394	
Oregon	27,030		8,315		18,715	
Pennsylvania	159,922		46,729		113,193	
Rhode Island	15,459		5,269		10,190	
S. Carolina	84,834		34,398		50,436	
S. Dakota	8,259		3,201		5,058	
Tennessee	127,909		51,499		76,410	
Texas	251,423		125,424		125,999	
Utah	8,388		1,956		6,432	
Vermont	9,063		3,036		6,027	
Virginia	83,873		31,910		51,963	
Washington	46,208		12,350		33,858	
W. Virginia	41,570		11,119		30,451	
Wisconsin	67,365		24,218		43,147	
Wyoming	2,076		724		1,352	

Data Sources: Social Security Administration

(1) Based on March 1985 data.
(2) For purposes of this program, age 65 is considered elderly.
(3) Definition of blind: Individual must be determined to be statutorily blind. Statutory blindness is central visual acuity of 20/200 or less in the better eye with the use of correcting lens. Once determined blind, the recipient continues to be considered blind after attaining age 65. Definition of disabled is the inability to do any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. Once determined disabled, the recipient continues to be considered disabled after attaining age 65.
(4) Includes data for the Northern Mariana Islands and data not attributed to any State. Also includes recipients not distributed by category.
(5) Includes recipients not distributed by category.

IX. B. FY 84 RECIPIENT CHARACTERISTICS
13.807 SUPPLEMENTAL SECURITY INCOME

	Persons Served	(1)	Elderly	(2)	Handicapped or Disabled	(3)
United States	3,981,308	(4)	1,543,489		2,436,613	
Alabama	131,497		67,565		63,932	
Alaska	3,382		1,222		2,160	
Arizona	30,103		10,201		19,902	
Arkansas	71,711		35,671		36,040	
California	655,825		266,163		389,662	
Colorado	41,831		21,032		20,799	
Connecticut	34,620		10,869		23,751	
Delaware	6,999		2,019		4,980	
D. C.	14,879		3,809		11,070	
Florida	172,593		77,909		94,684	
Georgia	148,567		61,888		86,679	
Hawaii	10,131		4,461		5,670	
Idaho	8,082		2,421		5,661	
Illinois	131,127		30,952		100,175	
Indiana	41,120		11,546		29,574	
Iowa	25,725		9,013		16,712	
Kansas	19,675		5,957		13,718	
Kentucky	95,094		36,454		58,640	
Louisiana	122,917		52,004		70,913	
Maine	20,755		8,041		12,714	
Maryland	48,715	(5)	13,811		34,020	
Massachusetts	108,151		52,838		55,313	
Michigan	111,778		29,421		82,357	
Minnesota	31,426		10,397		21,029	
Mississippi	109,697		53,317		56,380	
Missouri	81,168		33,212		47,956	
Montana	6,806		1,832		4,974	
Nebraska	14,508		4,746		9,762	
Nevada	7,097		3,266		3,831	
New Hampshire	5,364		1,594		3,770	
New Jersey	85,811		28,831		56,980	
New Mexico	24,818		9,273		15,545	
New York	337,909		112,909		225,000	
N. Carolina	135,424		56,063		79,361	
N. Dakota	5,964		2,513		3,451	
Ohio	116,440		27,162		89,278	
Oklahoma	61,656		28,483		33,173	
Oregon	26,159		8,246		17,913	
Pennsylvania	154,923		45,642		109,281	
Rhode Island	14,612		5,057		9,555	
S. Carolina	81,680		33,590		48,090	
S. Dakota	7,899		3,112		4,787	
Tennessee	125,226		51,327		73,899	
Texas	244,835		124,807		120,028	
Utah	7,900		1,956		5,944	
Vermont	8,744		2,991		5,753	
Virginia	80,151		30,372		49,779	
Washington	44,174		12,112		32,062	
W. Virginia	39,973		10,899		29,074	
Wisconsin	63,201		23,861		39,340	
Wyoming	1,852		652		1,200	

Data Sources: Social Security Administration

(1) Based on March 1984 data.
(2) For purposes of this program age 65 is elderly.
(3) Definition of blind: Individual must be determined to be statutorily blind. Statutory blindness is central visual acuity of of 20/200 or less in the better eye with the use of of a correcting lens. Once determined blind, the recipient continues to be considered after after attaining age 65. Definition of disabled is the inability to do any substantial activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which can be expected to last for a continuous period of not less than 12 months. Once determined disabled, the recipient continues to be considered disabled after attaining age 65.
(4) Includes data for the Northern Mariana Islands and data not attributed to any State. Also includes recipients not distributed by category.
(5) Includes recipients not distributed by category.

X. A. MEAN FY 85 COSTS PER UNIT SERVED (1)
13.807 SUPPLEMENTAL SECURITY INCOME

		Benefits	
United States		$2,738	(2)
Alabama		$2,233	
Alaska		$6,507	
Arizona		$2,720	
Arkansas		$2,001	
California		$3,787	
Colorado		$2,881	
Connecticut		$2,654	
Delaware		$2,358	
D. C.		$2,892	
Florida		$2,595	
Georgia		$2,210	
Hawaii		$2,838	
Idaho		$2,681	
Illinois		$2,637	
Indiana		$2,471	
Iowa		$2,154	
Kansas		$2,212	
Kentucky		$2,486	
Louisiana		$2,360	
Maine		$2,002	
Maryland		$2,604	
Massachusetts		$2,739	
Michigan		$2,908	
Minnesota		$2,469	
Mississippi		$2,188	
Missouri		$2,308	
Montana		$2,458	
Nebraksa		$2,337	
Nevada		$2,510	
New Hampshire		$3,599	
New Jersey		$2,916	
New Mexico		$2,427	
New York		$3,085	
North Carolina		$2,447	
North Dakota		$2,019	
Ohio		$2,599	
Oklahoma		$2,467	
Oregon		$2,565	
Pennsylvania		$2,769	
Rhode Island		$2,566	
S. Carolina		$2,241	
S. Dakota		$2,055	
Tennessee		$2,242	
Texas		$2,102	
Utah		$2,515	
Vermont		$2,627	
Virginia		$2,383	
Washington		$2,890	
W. Virginia		$2,648	
Wisconsin		$2,730	
Wyoming		$2,347	

Data Sources: Social Security Administration

(1) Average payment for March 1985 times 12.
(2) Federal administrative costs not available state by state.

X. B. MEAN FY 84 COSTS PER UNIT SERVED (1)
13.807 SUPPLEMENTAL SECURITY INCOME

	Benefits	(2)
United States	$2,403	
Alabama	$1,947	
Alaska	$5,855	
Arizona	$2,410	
Arkansas	$1,757	
California	$3,282	
Colorado	$2,545	
Connecticut	$2,508	
Delaware	$2,100	
D. C.	$2,632	
Florida	$2,252	
Georgia	$1,924	
Hawaii	$2,522	
Idaho	$2,347	
Illinois	$2,344	
Indiana	$2,096	
Iowa	$1,830	
Kansas	$1,896	
Kentucky	$2,177	
Louisiana	$2,054	
Maine	$1,774	
Maryland	$2,281	
Massachusetts	$2,440	
Michigan	$2,621	
Minnesota	$2,084	
Mississippi	$1,930	
Missouri	$1,995	
Montana	$2,116	
Nebraksa	$2,050	
Nevada	$2,238	
New Hampshire	$3,623	
New Jersey	$2,565	
New Mexico	$2,112	
New York	$2,735	
North Carolina	$2,160	
North Dakota	$2,029	
Ohio	$2,243	
Oklahoma	$2,300	
Oregon	$2,439	
Pennsylvania	$2,454	
Rhode Island	$2,259	
S. Carolina	$1,965	
S. Dakota	$1,815	
Tennessee	$1,970	
Texas	$1,822	
Utah	$2,109	
Vermont	$2,367	
Virginia	$2,096	
Washington	$2,477	
W. Virginia	$2,287	
Wisconsin	$2,427	
Wyoming	$2,103	

Data Sources: Social Security Administration

(1) Average payment for March 1984 times 12.
(2) Federal administrative costs not available state by state.

XI. HISTORICAL DATA (Dollars in thousands)
13.807 SUPPLEMENTAL SECURITY INCOME

Federal Fiscal Year		Total Federal Outlays		Total State-Local Spending	Persons Served (1)
1985		$8,652,220	(2)	$2,237,049	4,130,819
1984		$7,517,384	(2)	$2,050,505	3,981,308
1983		$7,225,263		$1,984,411	3,925,006
1982		$6,832,380		$2,113,270	4,027,720
1981		$6,398,955		$2,096,721	4,161,869
1980		$5,657,907		$2,054,110	4,211,748
1979		$5,160,346		$1,685,989	4,258,517
1978		$4,841,970		$1,661,854	4,295,842
1977		$4,654,357		$1,585,348	4,294,554
1976		$4,441,317		$1,561,149	4,363,744
1975		$4,083,717	(3)	$1,500,554	4,150,444
1974		$2,427,086		$921,560	3,510,028
1973	(4)	$2,067,416		$1,263,065	1,916,925
1972		$1,984,271		$1,197,866	1,843,424
1971		$1,890,117		$1,127,617	2,059,502
1970		$1,715,636		$1,025,649	2,047,987
1969		$1,518,758		$812,650	2,023,200
1968		$1,481,679		$781,430	2,054,700
1967		$1,384,048		$708,212	2,073,100
1966		$1,235,944		$527,082	2,084,900
1965		$1,342,658		$711,433	2,158,100
1964		$1,332,630		$683,264	2,190,200
1963		$1,294,236		$669,665	2,219,700
1962		$1,191,395		$659,208	2,264,100
1961		$1,180,004		$745,010	2,328,216
1960		$1,130,160		$774,137	

Data Sources: Social Security Administration

(1) Based on mean monthly caseload.
(2) Estimated.
(3) Data for January to September.
(4) Data for earlier years represent predecessor programs, OAA, AB, APTD.

PENSIONS FOR WARTIME VETERANS, THEIR DEPENDENTS AND SURVIVORS

I. PROGRAM SUMMARY

The Veterans Administration (VA) provides cash to needy wartime veterans who are aged or disabled and to the needy survivors of wartime veterans whose deaths were not due to service. State and local governments provide no funding for and play no administrative role in the program. In FY 1985, about 1.5 million persons received non-service-connected pensions from the VA at a total federal cost of about $3.8 billion.

Eligibility is limited to wartime veterans who are at least age 65 or whose permanent and total disabilities prevent substantial gainful employment and to the unremarried spouses and unmarried dependent children of deceased wartime veterans. Eligibility is also limited to those whose countable income and net worth fall below certain limits. Countable income includes Social Security benefits, military retirement pay, and other federal retirement benefits, but does not include either public or private welfare benefits such as SSI or charitable donations. Net worth computations consider most of the applicant's assets, all liabilities, anticipated expenses, and life expectancy. All claims processing is done in federal VA offices.

Beneficiaries receive cash from the VA to make up any difference between their countable income and income standards set by statute. The basic income standard for a veteran without a spouse, dependents, or severe incapacity in FY 1985 was $5,709; income standards are adjusted upward for family size and for a severe incapacity that requires aid and attendance or confinement to home or nursing home. The income standard is adjusted upward for veterans of World War I as well. All of the income standards increase at the same time and at the same rate as Social Security benefits.

Veterans who became eligible after January 1, 1985, are also eligible for VA vocational rehabilitation training if, after evaluation, such training is feasible. This training is currently a 4-year trial program limited to 2,500 trainees per year and is specifically intended to reduce work disincentives.

X. A. MEAN FY 85 COSTS PER UNIT SERVED (1)
64.104 PENSIONS FOR WARTIME VETERANS, THEIR DEPENDENTS AND SURVIVORS

	Benefits Per Case
United States	$2,678
Alabama	$2,796
Alaska	$2,839
Arizona	$2,020
Arkansas	$2,840
California	$2,283
Colorado	$2,638
Connecticut	$2,043
Delaware	$2,332
D. C.	$2,299
Florida	$2,514
Georgia	$2,728
Hawaii	$2,743
Idaho	$2,622
Illinois	$2,725
Indiana	$2,554
Iowa	$2,823
Kansas	$2,670
Kentucky	$2,781
Louisiana	$2,911
Maine	$2,664
Maryland	$2,701
Massachusetts	$2,658
Michigan	$2,503
Minnesota	$3,160
Mississippi	$3,061
Missouri	$2,891
Montana	$2,766
Nebraska	$2,988
Nevada	$2,396
New Hampshire	$2,661
New Jersey	$2,063
New Mexico	$2,503
New York	$2,780
N. Carolina	$2,737
N. Dakota	$3,257
Ohio	$2,653
Oklahoma	$3,370
Oregon	$2,811
Pennsylvania	$2,440
Rhode Island	$2,482
S. Carolina	$2,557
S. Dakota	$3,337
Tennessee	$2,895
Texas	$2,455
Utah	$2,916
Vermont	$2,678
Virginia	$2,639
Washington	$2,761
W. Virginia	$3,047
Wisconsin	$2,953
Wyoming	$3,043
Guam	$3,441
Puerto Rico	$3,388
Virgin Islands	$3,417

Data Sources: Administrator's Annual Report

(1) Total spending from Table VIII.A. divided by total cases from Table IX.A.

II. ADMINISTRATION

A. Program name: Pensions for Wartime Veterans, Their Dependents and Survivors.

B. Catalog of Federal Domestic Assistance No.: 64.104; 64.105
Budget account number(s): 36-0154-0-1-701.

C. Current authorizing statute: 38 U.S.C. 521 and 522; 38 U.S.C. 541 through 543.

D. Location of program regulations in the Code of Federal Regulations: Title 38.

E. Federal administering agency: Department of Veterans Benefits, Veterans Administration.

F. Primary grantee (if any) receiving program funds to provide benefits: None.

G. Subgrantee (if any) receiving program funds to provide benefits: None.

H. Allocation of federal funds:

The VA makes direct monetary payments to eligible beneficiaries.

I. Role of state and local governments in administering the program. None.

J. Audit or quality control.

The Veterans Administration has an Adjudication Division that judges the performance of its claims examining operation. The standards, which evaluate the timeliness and accuracy with which monetary benefit claims are handled, make no distinction between pension claims and claims for other types of VA benefits. Thus, there is no data on administrative errors attributable solely to the pension program.

The last full quality control study on the pension program was completed in 1978, prior to the enactment of the reforms which substantially revised the consideration of countable income and requirements for reporting changes in income. No study has been done on the new program. However, a GAO match of IRS data with pension data suggested a significant amount of underreporting of income.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The purpose of the disability pension program is to provide monetary assistance to needy wartime veterans who are age 65 or older or whose non-service-connected disabilities are permanent and total, preventing them from following a substantially gainful occupation. The objective of the death pension program is to provide monetary assistance to needy survivors (unremarried spouses and unmarried dependent children) of deceased wartime veterans whose deaths were not due to service.

B. Allocation of program funds among various activities.

Direct monetary payments are the only activity.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

The eligibility unit for the disability pension program is the individual disabled veteran (including the aged). The eligibility unit for the death pension program is the unremarried surviving spouse (for himself or herself and any dependent children in his or her custody) or where there is no surviving spouse or there are children outside the spouse's custody, the unmarried dependent child or children of the deceased veteran.

B. Income eligibility standards.

Income limits are set by law, 38 U.S.C. 521, 541 and 542 and are increased consistent with the increase in Social Security benefits (under 42 U.S.C. 401, et seq.). Increases in limits are effective on the same date as Social Security rate increases. (38 U.S.C. 3112(a)). Limits are set based on family size and also are increased if the veteran or surviving spouse qualifies for the aid and attendance (A&A) or housebound allowance. Income limits for FY 1985 are shown below.

	Veteran	With One Dependent*	Surviving Spouse	With One Dependent*
Basic	$5,079	$7,478	$3,825	$5,011
With housebound	6,977	8,747	4,677	5,860
With A&A	9,132	10,902	6,119	7,303

*Add $968 for each additional dependent.

There are two subgroups in the disability pension program. The first is composed of veterans who served during World War I or the Mexican Border Period (5/9/1916-4/5/1917 in or around Mexico). For this subgroup, $1,329 is added to the income standards otherwise applicable. The second subgroup, consists of veterans married to veterans, when both parties are eligible for disability pension. Such couples are paid one pension, computed on the income standard for a veteran with a spouse (including the appropriate allowances for dependent children, entitlement to housebound or aid and attendance status, etc.) Such couples are treated differently than the normal married veteran, however, in that if both are entitled to housebound or aid and attendance, a higher income standard will be applied (e.g., $14,769 for the veteran-couple if both husband and wife are entitled to aid and attendance status as opposed to $11,240 for the pensioner who is not married to another veteran).

In determining eligibility most income is counted at face value. The major exclusion is for welfare receipts, from public or private sources. Other exclusions (e.g., fire insurance proceeds) exist but occur very infrequently. Income is reduced by amounts of certain expenses, principally, payments for a family member's burial and payments for unreimbursed, unusual medical expenses.

Payments received under a Domestic Volunteer Service Act (DVSA) Program -- including Volunteers in Service to America, University Year for ACTION, Foster Grandparent Program, Older American Community Service Program, and the Retired Senior Companion Program -- are excluded from determining entitlement unless the Director of the ACTION Agency has determined that the value of all DVSA payments, adjusted to reflect the number of hours served by the volunteer, equals or exceeds the minimum wage then in effect under the Fair Labor Standards Act of 1938 or the minimum wage of the state where the volunteer served, whichever is the greater. (42 U.S.C. 5044(g)(1979))

In the case of a child, any current work income received during the year is excluded, to the extent that the total amount of such income does not exceed an amount equal to the sum of the following: (1) the lowest amount of gross income for which a federal income tax return must be filed by an individual who is not married, is not a surviving spouse, and is not a head of household; (2) if the child is pursuing a course of postsecondary education or vocational rehabilitation or training, the amount paid by the child for those educational expenses including the amount paid for tuition, fees, books, and materials. (38 U.S.C. 503(a)(10))

Unusual unreimbursed medical expenses are offset against countable income. Therefore a person with substantial medical expenses may reduce income below the limit by claiming a deduction for the expenses.

An August 1985 computer analysis indicates that 34.4 percent of pension recipients have no income other than their VA pension, 36.1 percent have income only from Social Security benefits, and 2.2 percent have income from a retirement benefit. The remaining 27.3 percent are lumped in a category labeled "earned and/or other income."

Usually it is the surviving spouses (rather than the veterans) who have earned income and these earnings are small and episodic in nature. The vast majority of individuals in the "earnings and/or other income" category have "other" income rather than earnings. This "other" income consists of such things as interest derived from small savings accounts or rent received from leasing rooms in their homes.

Net worth is tested by considering all assets, excluding the residence and personal property, as well as liabilities. If the net worth is of sufficient size, considering anticipated expenses, a pension may not be granted. If a pension is already being paid when a pertinent change in assets or expenses occurs, the pension will be terminated. Net worth is considered in light of the life expectancy of the claimant.

The data on FY 1984 pension recipients indicates that most beneficiaries have more liabilities than assets, as shown below.

Veterans with net worth - No dependents	34.2%
Veterans with net worth - With dependents	35.8%
Surviving spouses with net worth - No dependents	43.4%
Surviving spouses with net worth - With dependents	25.3%
Child(ren) only with net worth	9.5%

For those pension recipients who had assets, the mean and median statistics are shown below.

	Mean	Median
Veterans with net worth - No dependents	$3,911	$1,353
Veterans with net worth - With dependents	4,128	1,537
Surviving spouses with net worth - No dependents	3,781	1,480
Surviving spouses with net worth - With dependents	4,069	973
Child(ren) only with net worth	1,388	631

C. Other eligibility requirements.

The veteran must have had 90 days or more of wartime service. Veterans are eligible only if permanently and totally disabled. This requirement is met if the veteran is age 65 or over, regardless of other impairments.

Surviving spouses do not have to be disabled or elderly to qualify, but must be unremarried. Children must be unmarried and under age 18, or under age 23 and in school, or helpless by reason of disability.

Additional benefits are payable to veterans and surviving spouses for dependents and for severe incapacity, i.e., need for regular aid and attendance or confinement to home or nursing home.

The FY 1984 caseload is shown below.

Veterans with basic pension only	335,755*
Veterans with entitlement to housebound status	10,843*
Veterans with entitlement to aid and attendance status	58,138*
Surviving spouse with basic pension only	185,731**
Surviving spouses with entitlement to aid and attendance status	50,278**
Child(ren) only, under age 18	16,024**
Child(ren) only, ages 18 - 23	992**
Helpless Child(ren) only (age 18 and older)	1,720

* Calculated from RCS 21-52 (Sept. 1984) and IB 70-58-2 (Jan. 1985)

** Calculated from RCS 21-23 (Sept. 1984)

When any VA pensioner is imprisoned in a federal, state, or local penal institution as the result of conviction for a felony or misdemeanor, the pension must be discontinued effective the 61st day of imprisonment following conviction.

When a veteran having no spouse, child, or dependent parent is rated incompetent by the Veterans Administration, is hospitalized, institutionalized, or domiciled, and has net worth of $1,500 or more, further payments will not be made until the net worth is reduced to $500.

D. Other income a recipient unit is required or expected to spend to receive benefits.

None.

V. BENEFITS AND SERVICES

A. Program intake processes.

Claimants must file a voluntary application, in person or by mail, with one of the 58 regional offices of the Veterans Administration. Once granted pension, recipients are required to file eligibility verification reports annually and to report all changes in marital or dependency status and income or net worth as they occur. Adjudication personnel in the regional office of jurisdiction (usually in the recipient's state of residence) screen these reports. All claims processing is done in the regional office of jurisdiction.

B. Program benefits or services.

Pension payments are made in cash directly to the eligible beneficiary with no restriction on their use.

The majority of pensioners receive a monthly check but, when the monthly benefit is small, the payments are made quarterly, semiannually, or annually.

Maximum annual rates were established by statute in 1978 (38 U.S.C. 521, 541, and 542) and indexed to the Social Security COLA (38 U.S.C. 3112). Countable income reduces the maximum rate dollar-for-dollar.

The pension program is structured so that the beneficiary receives that difference between the applicable income standards and his or her countable annual family income. For example, if the applicable income standard is $6,000 and the claimant's annual countable family income is $4,000, the amount of the VA pension is $2,000. The amount of the pension is recomputed whenever there is a change in the claimant's income.

C. Duration of benefits.

The Veterans Administration has no information on the duration of receipt of benefits.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

None.

B. Counting assistance from other programs.

38 U.S.C. 503(a)(1) specifically provides that donations from public or private relief or welfare organizations will not be considered for purposes of determining the eligibility for or the rate of VA pension benefits. Therefore, changes in another

assistance (welfare) program would not affect the improved pension benefit.

C. Overlapping authorities and benefits.

VA pension recipients may apply for any programs available to low income individuals or families. But, for a variety of reasons, there is little actual overlap of payments under the VA need-based pension program and other income maintenance programs.

VA pension eligibility is dependent on "countable" income. Social Security and other federal retirement benefits and annuities are countable, and, hence, reduce eligibility under the VA program (and so are not duplicative).

Payments received under public welfare programs (e.g., Supplemental Security Income, Aid to Families with Dependent Children, and other state and local public relief programs) are not counted in determining eligibility under the VA programs. However, these non-VA welfare programs typically are only supplemental in that they require applicants to first exhaust other entitlements, such as VA pensions, which may greatly restrict their welfare eligibility.

Legislation enacted in 1980 authorized VA pension to be paid concurrently with military retirement pay only if receipt of the latter is considered in determining eligibility for the former. A prohibition of concurrent benefits exists for those individuals eligible to receive benefits from the VA and the Office of Worker's Compensation Programs, U.S. Department of Labor, based on the same disability or death. (5 U.S.C. 8116(b))

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

House of Representatives

Committee on Veterans' Affairs
    Subcommittee on Compensation, Pensions, and Insurance

Senate

Committee on Veterans' Affairs (no subcommittee)

B. Appropriating subcommittees.

House of Representatives

Subcommittee on HUD - Independent Agencies

Senate

Subcommittee on HUD - Independent Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

A national system of assistance and care for veterans can be traced back to English settlers who enacted the first colonial law concerning veterans in 1636 to maintain any disabled veteran. Through a variety of enactments following the Civil War, the Spanish American War, and World War I, disabled or elderly veterans and their survivors were assured by a grateful nation that they would not have to live in poverty.

The modern history of VA's pension programs dates to 1959, when the prior all-or-nothing programs were studied and reforms proposed. In 1960, a major revision of the pension system was enacted to relate assistance to need by authorizing varying amounts of pension based upon the veteran's or survivor's other income. (Pub. L. 86-211)

Through a variety of subsequent modifications, the program eventually listed 17 categories of payments that were not to be included in computing countable income. For example, one anomaly was that each time there was a COLA for Social Security, VA pension payments would be reduced.

In 1978, the Veterans' and Survivors' Pension Improvement Act established a new pension program to correct the deficiencies and inequities of the previous program and to assure veteran pensioners of an income exceeding the minimal standard of need, with automatic annual cost-of-living adjustments (Pub. L. 95-588). Actual financial need was more accurately defined by dropping several of the categories of outside income disregarded under the prior programs. The keying of COLAs to increases in Social Security benefits not only assured that VA pension benefits would not be reduced solely as a result of cost-of-living increases in Social Security payments, but also assured that all veteran pensioners would be maintained at incomes above the poverty level. Finally, the improved program set benefits at higher rates for veterans of World War I and the Mexican Border Period (1916-1917) in recognition that they had not been eligible for GI bill benefits. Persons already receiving VA pension could elect the new pension or remain under the previous program.

The current program has been free from legislative modifications since its inception in 1978. In 1984, Congress reduced from one year to 45 days the period after death during which a survivor must file for death pension if benefits are to be payable from date of death.

E. Major federal implementing regulations and regulatory changes.

The regulations implementing the VA pension programs are codified at 38 CFR Part 3, subpart A. These regulations largely track the statutory language contained in 38 U.S.C. 501-562. They provide specific information such as definitions necessary to determine eligibility for both the programs in effect before January 1, 1979, and after that date, when the Improved Pension Program became effective. Additionally, the regulations provide detailed information on such specific issues as the computation of income and the effect of concurrent benefits.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (In thousands)
64.104 PENSIONS FOR WARTIME VETERANS, THEIR DEPENDENTS AND SURVIVORS

	Benefits	(1)
United States	$3,780,968	(2)
Alabama	$107,837	
Alaska	$1,496	
Arizona	$28,236	
Arkansas	$82,311	
California	$225,331	
Colorado	$28,368	
Connecticut	$21,570	
Delaware	$7,188	
D. C.	$11,210	
Florida	$169,517	
Georgia	$119,913	
Hawaii	$5,385	
Idaho	$11,994	
Illinois	$143,151	
Indiana	$73,131	
Iowa	$44,766	
Kansas	$35,054	
Kentucky	$96,994	
Louisiana	$110,777	
Maine	$27,452	
Maryland	$55,893	
Massachusetts	$86,334	
Michigan	$102,750	
Minnesota	$70,638	
Mississippi	$96,523	
Missouri	$108,722	
Montana	$12,468	
Nebraska	$25,204	
Nevada	$9,626	
New Hampshire	$13,575	
New Jersey	$64,156	
New Mexico	$23,133	
New York	$264,250	
N. Carolina	$142,875	
N. Dakota	$10,205	
Ohio	$159,437	
Oklahoma	$97,872	
Oregon	$47,368	
Pennsylvania	$185,200	
Rhode Island	$15,239	
S. Carolina	$70,805	
S. Dakota	$19,302	
Tennessee	$133,386	
Texas	$225,159	
Utah	$11,840	
Vermont	$8,902	
Virginia	$93,591	
Washington	$51,692	
W. Virginia	$60,213	
Wisconsin	$72,632	
Wyoming	$5,422	
Guam	$351	
Puerto Rico	$84,360	
Virgin Islands	$164	

Data Sources: Administrator's Annual Report

(1) Federal benefits do not include DIC parents.
(2) Does not include foreign totals.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands)
64.104 PENSIONS FOR WARTIME VETERANS, THEIR DEPENDENTS AND SURVIVORS

		Benefits	(1)
United States		$3,809,702	(2)
Alabama		$105,281	
Alaska		$1,502	
Arizona		$28,378	
Arkansas		$82,455	
California		$230,561	
Colorado		$28,545	
Connecticut		$22,542	
Delaware		$7,200	
D. C.		$11,142	
Florida		$178,138	
Georgia		$122,433	
Hawaii		$5,424	
Idaho		$12,339	
Illinois		$141,463	
Indiana		$72,751	
Iowa		$44,046	
Kansas		$35,825	
Kentucky		$97,053	
Louisiana		$107,123	
Maine		$27,721	
Maryland		$55,605	
Massachusetts		$89,802	
Michigan		$102,927	
Minnesota		$70,895	
Mississippi		$97,575	
Missouri		$108,578	
Montana		$12,635	
Nebraska		$25,252	
Nevada		$9,395	
New Hampshire		$14,070	
New Jersey		$68,484	
New Mexico		$23,559	
New York		$264,657	
N. Carolina		$143,082	
N. Dakota		$10,098	
Ohio		$159,249	
Oklahoma		$98,101	
Oregon		$48,901	
Pennsylvania		$189,674	
Rhode Island		$14,835	
S. Carolina		$70,348	
S. Dakota		$19,543	
Tennessee		$134,108	
Texas		$231,077	
Utah		$11,740	
Vermont		$9,091	
Virginia		$94,453	
Washington		$51,728	
W. Virginia		$60,481	
Wisconsin		$72,546	
Wyoming		$5,592	
Guam		$372	
Puerto Rico		$81,169	
Virgin Islands		$158	

Data Sources: Administrator's Annual Report

(1) Federal benefits do not include DIC parents.
(2) Does not include foreign totals.

IX. A. FY 85 RECIPIENT CHARACTERISTICS
64.104 PENSIONS FOR WARTIME VETERANS, THEIR DEPENDENTS AND SURVIVORS

			Number of Persons					
	Units Served	(1)	All Persons	(2)	Elderly	(3)	Handicapped or Disabled	(4)
United States	1,411,886	(5)	1,478,309	(5)	528,864	(5)	685,308	(5)
Alabama	38,569		40,521		14,528		17,787	
Alaska	527		577		182		288	
Arizona	13,981		14,801		5,972		7,889	
Arkansas	28,979		30,023		12,852		15,722	
California	98,707		102,684		39,632		50,618	
Colorado	10,754		11,260		3,895		5,025	
Connecticut	10,559		11,062		3,219		4,445	
Delaware	3,082		3,241		1,061		1,341	
D. C.	4,877		5,104		1,746		2,497	
Florida	67,425		69,714		27,901		36,351	
Georgia	43,964		45,840		16,727		21,760	
Hawaii	1,963		2,090		680		1,028	
Idaho	4,575		4,783		2,032		2,419	
Illinois	52,541		55,492		17,956		24,048	
Indiana	28,630		30,057		9,381		12,688	
Iowa	15,859		16,520		5,843		7,394	
Kansas	13,130		13,684		4,978		6,142	
Kentucky	34,875		36,519		14,112		18,057	
Louisiana	38,055		40,189		14,487		17,912	
Maine	10,306		10,684		4,181		5,387	
Maryland	20,696		21,596		6,873		9,386	
Massachusetts	32,484		33,998		9,936		13,989	
Michigan	41,051		43,595		12,840		17,128	
Minnesota	22,353		23,288		9,049		10,456	
Mississippi	31,535		33,144		13,902		16,796	
Missouri	37,602		39,093		14,460		18,195	
Montana	4,508		4,734		1,974		2,430	
Nebraska	8,436		8,786		3,427		4,259	
Nevada	4,018		4,150		1,832		2,378	
New Hampshire	5,101		5,323		1,854		2,514	
New Jersey	31,095		32,680		9,054		12,188	
New Mexico	9,242		9,856		3,970		5,210	
New York	95,040		99,430		31,203		43,444	
N. Carolina	52,195		54,442		20,249		25,246	
N. Dakota	3,133		3,276		1,332		1,615	
Ohio	60,096		63,391		19,706		27,298	
Oklahoma	29,041		30,042		11,921		15,860	
Oregon	16,848		17,445		7,214		9,356	
Pennsylvania	75,904		79,969		23,968		31,754	
Rhode Island	6,140		6,458		1,964		2,621	
S. Carolina	27,694		29,062		10,290		12,664	
S. Dakota	5,785		6,095		2,531		3,144	
Tennessee	46,069		47,892		18,879		23,296	
Texas	91,702		96,069		36,766		45,167	
Utah	4,061		4,351		1,415		1,848	
Vermont	3,324		3,476		1,243		1,712	
Virginia	35,461		36,949		13,376		17,478	
Washington	18,725		19,437		7,302		9,552	
W. Virginia	19,760		20,751		7,642		10,526	
Wisconsin	24,596		25,711		9,436		12,501	
Wyoming	1,782		1,848		735		986	
Guam	102		43				5	
Puerto Rico	24,901		26,950		11,156		15,446	
Virgin Islands	48		134				62	

(1) Units served - cases at the end of the year.

(2) Persons served - veterans recieving pensions and surviving spouses and children recieving death pensions at the end of year.

(3) The number of veterans age 60 or greater on the rolls at the end of the year. There is no age data avalible by state for surviving spouses and children.

(4) Handicapped or disabled - only veterans recieving pensions are included. There is no disability data available by state for surviving spouses and children.

(5) Data does not include Dependency and Indemnity Parents (DIC). This information is not available by state. At the end of the year 1985 there were 43,758 DIC parents receiving benefits.

IX. B. FY 84 RECIPIENT CHARACTERISTICS
64.104 PENSIONS FOR WARTIME VETERANS, THEIR DEPENDENTS AND SURVIVORS

			Number of Persons					
	Units Served	(1)	All Persons	(2)	Elderly	(3)	Handicapped or Disabled	(4)
United States	1,512,211	(5)	1,592,716	(5)	524,738	(5)	724,189	(5)
Alabama	40,107		42,613		14,487		18,230	
Alaska	564		628		153		273	
Arizona	14,800		15,841		5,974		8,158	
Arkansas	30,292		31,520		13,118		16,389	
California	106,954		112,177		41,159		53,971	
Colorado	11,476		12,130		3,995		5,284	
Connecticut	11,713		12,395		3,396		4,804	
Delaware	3,322		3,530		1,078		1,422	
D. C.	5,124		5,411		1,702		2,558	
Florida	72,788		75,725		10,673		38,912	
Georgia	46,891		49,316		17,000		23,051	
Hawaii	2,101		2,277		662		1,043	
Idaho	4,944		5,229		2,140		2,601	
Illinois	56,491		60,270		18,289		25,033	
Indiana	30,912		32,791		9,639		13,425	
Iowa	17,137		18,062		6,215		7,885	
Kansas	14,233		14,917		5,244		6,536	
Kentucky	36,664		38,745		14,287		18,875	
Louisiana	39,110		41,664		14,352		18,168	
Maine	11,079		11,613		4,354		5,728	
Maryland	22,242		23,502		6,855		9,763	
Massachusetts	35,719		37,723		10,464		15,157	
Michigan	44,746		48,175		13,284		18,231	
Minnesota	24,419		25,710		9,669		11,336	
Mississippi	32,872		34,801		14,061		17,456	
Missouri	40,435		42,396		15,035		19,276	
Montana	4,827		5,096		2,064		2,569	
Nebraska	9,170		9,629		3,582		4,562	
Nevada	4,229		4,413		1,800		2,407	
New Hampshire	5,631		5,918		1,929		2,715	
New Jersey	34,446		36,637		9,628		13,296	
New Mexico	9,754		10,506		3,972		5,429	
New York	103,550		109,380		32,466		46,930	
N. Carolina	54,663		57,473		20,384		26,375	
N. Dakota	3,386		3,578		1,429		1,736	
Ohio	65,059		69,427		20,234		29,147	
Oklahoma	30,789		32,091		12,277		16,655	
Oregon	18,116		18,871		7,536		9,948	
Pennsylvania	83,227		88,630		25,123		34,378	
Rhode Island	6,685		7,083		2,063		2,812	
S. Carolina	28,900		30,631		10,263		13,092	
S. Dakota	6,155		6,539		2,610		3,316	
Tennessee	48,452		50,767		19,175		24,365	
Texas	97,671		103,256		37,954		47,841	
Utah	4,437		4,802		1,493		1,980	
Vermont	3,552		3,748		1,282		1,809	
Virginia	37,650		39,592		13,619		18,429	
Washington	20,143		21,084		7,515		10,037	
W. Virginia	20,990		22,229		7,786		11,128	
Wisconsin	26,823		28,280		9,940		13,345	
Wyoming	1,945		2,032		769		1,047	
Guam	119		52				5	
Puerto Rico	24,656		21,650		10,560		15,221	
Virgin Islands	51		161				70	

(1) Units served - cases at the end of the year.
(2) Persons served - veterans recieving pensions and surviving spouses and children recieving death pensions at the end of year.
(3) The number of veterans age 60 or greater on the rolls at the end of the year. There is no age data avalible by state for surviving spouses and children.
(4) Handicapped or disabled - only veterans recieving pensions are included. There is no disability data available by state for surviving spouses and children.
(5) Data does not include Dependency and Indemnity Parents (DIC). This information is not available by state. At the end of year 1984 there were 46,206 DIC parents receiving benefits.

X. B. MEAN FY 84 COSTS PER UNIT SERVED (1)
64.104 PENSIONS FOR WARTIME VETERANS, THEIR DEPENDENTS AND SURVIVORS

	Benefits Per Case
United States	$2,519
Alabama	$2,625
Alaska	$2,683
Arizona	$1,917
Arkansas	$2,722
California	$2,156
Colorado	$2,487
Connecticut	$1,925
Delaware	$2,167
D. C.	$2,174
Florida	$2,420
Georgia	$2,611
Hawaii	$2,582
Idaho	$2,496
Illinois	$2,504
Indiana	$2,353
Iowa	$2,570
Kansas	$2,517
Kentucky	$2,647
Louisiana	$2,739
Maine	$2,502
Maryland	$2,500
Massachusetts	$2,514
Michigan	$2,300
Minnesota	$2,903
Mississippi	$2,968
Missouri	$2,685
Montana	$2,618
Nebraska	$2,754
Nevada	$2,222
New Hampshire	$2,499
New Jersey	$1,988
New Mexico	$2,415
New York	$2,556
N. Carolina	$2,618
N. Dakota	$2,982
Ohio	$2,448
Oklahoma	$3,186
Oregon	$2,699
Pennsylvania	$2,279
Rhode Island	$2,219
S. Carolina	$2,434
S. Dakota	$3,175
Tennessee	$2,768
Texas	$2,366
Utah	$2,646
Vermont	$2,559
Virginia	$2,509
Washington	$2,568
W. Virginia	$2,881
Wisconsin	$2,705
Wyoming	$2,875
Guam	$3,126
Puerto Rico	$3,292
Virgin Islands	$3,098

Data Sources: Administrator's Annual Report

(1) Total spending from Table VIII.B. divided by total cases from Table IX.B.

XI. HISTORICAL DATA (Dollars in thousands)
64.104 PENSIONS FOR WARTIME VETERANS, THEIR DEPENDENTS AND SURVIVORS

Federal Fiscal Year		Total Federal Outlays	(1)	Cases	(1)	Persons Served	(1)
1985		$3,841,865		1,429,551		1,497,887	
1984		$3,874,220		1,530,825		1,618,767	
1983		$3,893,900		1,676,031		1,676,019	
1982		$3,879,396		1,781,694		1,931,096	
1981		$3,753,107		1,901,044		2,092,812	
1980		$3,585,368		2,014,440		2,255,034	
1979		$3,521,725		2,142,312		2,446,142	
1978		$3,528,357		2,284,124		2,661,562	
1977		$3,126,579		2,298,873		2,715,174	
1976		$2,880,416		2,266,477		2,740,975	
1975		$2,725,980		2,265,359		2,767,257	
1974		$2,568,537		2,286,377		2,818,576	
1973		$2,574,495		2,333,886		2,904,867	
1972		$2,542,209		2,352,119		2,952,147	
1971		$2,349,999		2,287,167		2,883,943	
1970		$2,264,548		2,258,220		2,845,955	
1969		$2,167,135		2,244,665		2,824,871	
1968		$2,051,865		2,226,889		2,793,847	
1967		$1,975,523		2,206,910		2,206,677	
1966		$1,989,440		2,181,222		2,180,961	
1965		$1,863,461		2,152,716		2,152,414	
1964		$1,739,926		2,074,558		2,074,216	
1963		$1,697,812		2,001,389		2,001,012	
1962		$1,632,353		1,907,384		1,906,945	
1961		$1,531,448		1,789,109		1,788,598	
1960		$1,263,080		1,540,083		1,539,532	

Data Sources: Administrator's Annual Reports

(1) Does not include DIC parents.

EARNED INCOME TAX CREDIT

I. PROGRAM SUMMARY

The Earned Income Tax Credit (EITC), a provision in the federal Internal Revenue Code, provides cash to working parents with relatively low earnings. Unlike other tax credits, the EITC is refundable: for tax filers with dependent children and who maintain a household, if their EITC exceeds their tax liability, the Internal Revenue Service makes a direct cash payment to the tax filer equal to the excess credit. If desired, the taxpayer may file an EITC eligibility certificate with his employer to receive advance payment of the credit with his paycheck.

The EITC is available to tax filers with children and an adjusted gross income or earned income that does not exceed $11,000 in 1986, $15,432 in 1987, and an estimated $18,500 in 1988. To receive the credit, married couples must file a joint tax return and be eligible for a dependency exemption for a child; unmarried taxpayers must maintain a household for a child. A dependency exemption is generally available only if the taxpayer provides more than half of the support of the child. A taxpayer is considered to maintain a household only if more than half of the household expenses are furnished by that individual.

These eligibility requirements affect some low income families, because AFDC cash benefits are not provided by the tax filer. Thus, if more than half of an individual's or couple's income is from AFDC or another source other than their own resources, the EITC may not be available. In turn, the EITC refund is counted as earned income in the month it is received under AFDC. For the Food Stamp program, EITC is treated as earned income if received in advance, or as an asset if received in a lump sum.

In calendar year 1984, about 4.1 million families received direct cash refunds totaling almost $1.2 billion. The EITC was enacted as a temporary measure in 1975 and was made permanent in 1978. Congress indicated that the EITC was intended to provide relief for the working poor both from increases in food and fuel prices and from Social Security taxes. Other aims of the EITC were to provide financial assistance to low income workers who had no income tax liability and to provide a work incentive for other low income persons.

For 1985 and 1986, the amount of the EITC equalled 11 percent of the first $5,000 of earnings and could not exceed $550 per family. For each dollar of earned income (or, if higher, adjusted gross income) above $6,500, the EITC was reduced by 12.22 cents. As a result, the credit was phased out completely for those with adjusted gross incomes of $11,000 or more.

For 1987, the amount of the EITC equals 14 percent of the first $6,080 of earnings for a maximum credit of $851.20 per family. For each dollar of earned income (or, if higher, adjusted gross income) above $6,920, the EITC is reduced by 10 cents. As a result, the credit is phased out completely for those with adjusted gross incomes of $15,432 or more.

Beginning in 1988, the criteria for the earned income credit will be adjusted annually to reflect the effects of inflation. In addition, beginning for 1988, there will be a statutory increase in the income level at which the phase out of the EITC begins.

II. ADMINISTRATION

A. Program name: Earned Income Tax Credit.

B. Catalog of Federal Domestic Assistance No.: None.
Budget account number(s): None.

C. Current authorizing statute: Internal Revenue Code, Section 32.

D. Location of program regulations in the Code of Federal Regulations: No regulations have been issued.

E. Federal administering agency: Internal Revenue Service.

F. Primary grantee (if any) receiving program funds to provide benefits: Benefits are provided directly to individuals.

G. Subgrantee (if any) receiving program funds to provide benefits: Not applicable.

H. Allocation of federal funds.

Not applicable.

I. Role of state and local governments in administering the program. None.

J. Audit or quality control.

Not applicable.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

A refundable tax credit is provided for low income workers who have dependent children and maintain a household. The credit was intended to provide a work incentive and to offset the burden of

Social Security taxes on low income workers. In addition, it was intended to provide financial assistance to the working poor who had no tax liability.

B. Allocation of program funds among various activities.

Not applicable.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

The unit for which eligibility for program benefits is determined is low income workers with children.

B. Income eligibility standards.

To be eligible for the credit, earned income or adjusted gross income must be under $15,432 for calendar year 1987.

No disregards, deductions, or discounts from earned income are allowed before the maximum income test is applied.

For purposes of the limitation, adjusted gross income is usually greater than earned income when a taxpayer has income from other sources, such as interest and dividends. Earned income usually is larger where a taxpayer has losses from sources other than wages and salaries or claims deductions against adjusted gross income, such as moving expenses, employee business expenses, and contributions to self-employment pension plans.

C. Other eligibility requirements.

To be eligible for the credit, an individual: (1) generally must have a child living with him for more than half the year; (2) must live in the United States; (3) must have a full 12-month tax year; (4) must be married filing a joint return, a qualifying widow(er) with dependent child, or a head of household; (5) must not have excluded foreign earned income from gross income.

D. Other income a recipient unit is required or expected to spend to receive benefits.

Not applicable.

V. BENEFITS AND SERVICES

A. Program intake processes.

An individual claims the credit on his federal income tax return.

B. Program benefits or services.

Increases in earnings up to $6,080 will increase the amount of earned income credit provided. When earnings exceed $6,920, the credit phases down until it phases out when earnings reach $15,432. Specifically, the credit is 14 percent of the first $6,080 of earned income. The maximum credit ($851.20) is reduced by an amount equal to 10 percent of adjusted gross income or earned income (whichever is greater) above $6,920. Thus, the credit phases out when adjusted gross income or earned income reaches $15,432.

The credit offsets the individual's tax liability. If the credit exceeds tax liability, the excess is refunded to the individual by the Internal Revenue Service. Taxpayers who qualify for the credit may elect to get it in advance by filling out Form W-5, Earned Income Credit Advance Payment Certificate. The participant's employer will include a portion of the credit regularly in the participant's pay.

C. Duration of benefits.

An individual may continue to receive the credit each year he or she is eligible.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

None.

B. Counting assistance from other programs.

Public assistance is not counted in any way in determining eligibility or credit amount.

C. Overlapping authorities and benefits.

Persons may receive EITC and public assistance benefits in cash or in-kind.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Finance

House of Representatives

Committee on Ways and Means

B. Appropriating subcommittees.

Not applicable.

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

The Earned Income Tax Credit was enacted under the Tax Reduction Act of 1975 as a temporary provision for one year. In 1975 the credit was 10 percent of the first $4,000 of earned income and was phased down by 10 percent of earnings above $4,000. The credit phased out when income reached $8,000. Eligibility was limited to wage earners who provided a household for one or more dependent children for whom the taxpayer could claim a dependency exemption.

The Revenue Adjustment Act of 1975 extended the credit through 1976 and specified that refunds resulting from the credit were not to be considered income for purposes of means-tested welfare programs.

The Tax Reform Act of 1976 extended the credit through 1977 and eliminated the requirement that the taxpayer must claim a dependency exemption for a child. Instead, the taxpayer was required to provide half of the cost of maintaining a household that included a dependent child. It also extended the credit to taxpayers maintaining a home and entitled to a dependent exemption for an adult disabled dependent.

The credit was made permanent in 1978. In addition, several changes were made in the credit: (1) the base amount for the maximum credit was increased from $4,000 to $5,000; (2) the income at which the credit begins to phase down was increased from $4,000 to $6,000; (3) the phase-down percentage was increased from 10 percent 12.5 percent; (4) eligibility was extended to taxpayers supporting adult dependent children; (5) the credit was classified as earned income for purposes of AFDC and SSI.

The Deficit Reduction Act of 1984 increased the credit percentage from 10 percent to 11 percent and phased down the credit at a rate of 12 2/9 percent of income over $6,500.

The Tax Reform Act of 1986 increased the credit percentage from 11 percent to 14 percent, decreased the phase out percentage from 12 2/9 percent to 10 percent, raised (beginning in 1988) the income level at which the credit phase out starts from $6,500 to $9,000, and annually indexes (beginning for 1987) all of the relevant income amounts for inflation which has occurred since 1984.

XI. HISTORICAL DATA (Dollars in thousands)
EARNED INCOME TAX CREDIT

Federal Fiscal Year	Total Federal Outlays	Calendar Year Refund Returns
1985	$1,099,776	
1984	$1,192,900	4,097,751
1983	$1,213,300	4,800,171
1982	$1,201,500	4,737,717
1981	$1,318,000	4,815,839
1980	$1,275,200	4,998,837
1979	$772,700	5,119,516
1978	$880,900	3,950,506
1977	$900,900	4,344,004
1976	$808,400	4,644,338
1975		4,334,159
1974		
1973		
1972		
1971		
1970		
1969		
1968		
1967		
1966		
1965		
1964		
1963		
1962		
1961		
1960		

Data Sources: Internal Revenue Service,
Statistics of Income, Individual
Income Tax Returns, various years

FOSTER CARE

I. PROGRAM SUMMARY

The Title IV-E Foster Care program helps to provide low income children with a protective alternative to unstable or dangerous homes. It is an authorized entitlement program. States administer Foster Care or supervise local administration of the program under federal guidelines.

In FY 1985, Foster Care served an average of about 108,300 children per month with federal expenditures of about $484 million and state/local expenditures of about $445 million. Over the past 10 years, the Foster Care caseload has increased only slightly. The costs of the program have increased during this period, primarily due to increase in the cost-of-living, higher state administrative costs, and an older foster care population. The federal share of these costs is determined under the Medicaid matching formula: the federal share is 55 percent in a state with average per capita income; in other states, the federal share ranges from 50 to 83 percent, with the share inversely related to per capita income.

Eligibility is limited to children who would have been eligible for AFDC in their own home, but who have been removed from that home and placed in a licensed foster family home or child care institution by the state agency. The child's removal from the home may be pursuant to a voluntary agreement with parents unable to care for the child or the result of a judicial determination that continuation in the home would be against the child's best interests.

Foster Care maintenance payments are provided by a monthly check to the foster parent or child care institution. The child is also eligible for Medicaid and any state services funded under the Social Services Block Grant. However, children receiving SSI payments cannot also receive Title IV-E Foster Care payments at the same time.

Since 1983, family unity has been enhanced by a federal requirement that Foster Care programs provide preventive and reunification services. Preventive services seek to eliminate the need for removal from the home and to avoid the separation of children from their families; reunification services seek to make it possible for the children to return home to their families. The 1983 law also requires a judicial determination that reasonable efforts have been made to prevent or eliminate removal from the home, and that removal from the home remains required for the child's welfare.

II. ADMINISTRATION

A. Program name: Foster Care.

B. Catalog of Federal Domestic Assistance No.: 13.658
Budget account number(s): 75-1645-1-1-506.

C. Current authorizing statute: 42 USC 670-671 and 673-676.

D. Location of program regulations in the Code of Federal Regulations: 45 CFR Parts 1355 and 1356.

E. Federal administering agency: Administration for Children, Youth and Families, Office of Human Development Services, Department of Health and Human Services

F. Primary grantee (if any) receiving program funds to provide benefits: States.

G. Subgrantee (if any) receiving program funds to provide benefits: Private nonprofit organizations and other public state or local agencies which have agreements with the administering state agency.

H. Allocation of federal funds.

Federal funding is open-ended under this entitlement program, unless funds under the related Title IV-B Child Welfare program are appropriated at a level specified in the Act ($266 million for FY 1986 and beyond). The program has not been capped since 1981, because the specified Title IV-B level has not been appropriated.

There are three match rates for states.

(1) Payments are matched at the Federal Medical Assistance Rate, 50 percent to 83 percent, per formula;

(2) Administrative expenditures are matched at 50 percent;

(3) Training expenditures are matched at 75 percent.

I. Role of state and local governments in administering the program.

The state agency responsible for administering the Title IV-B services program administers or supervises the administration of the Title IV-E program at the local level.

J. Audit or quality control.

There is no error rate determined for the program. However, the Office of Human Development Services conducts reviews of the states' operation of the program to determine which claims are allowable and which are unallowable.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

Section 470 of the Social Security Act: "For the purpose of enabling each state to provide, in appropriate cases, foster care...for children who otherwise would be eligible for assistance under the state's plan approved under Part A..."

Appropriate cases for whom foster care would be provided under Title IV-E would be those children who meet the eligibility requirements for AFDC and could include:

(1) Children removed from their homes because of child abuse or neglect, as the result of a court order;

(2) Children removed from their homes because of the inability of parents to care for them, pursuant to a voluntary placement agreement or a court order;

(3) Children who have come to the attention of juvenile authorities and for whom removal from the home and placement in foster care is an alternative to more serious penalties;

(4) Children abandoned by their parents.

Preventive and reunitive services are also statutory objectives. Section 471(a)(15) requires that for a state to be eligible for payments under Title IV-E, effective October 1, 1983, in each case, reasonable efforts must be made prior to the placement of a child in foster care, to prevent or eliminate the need for removal of the child from his home, and to make it possible for the child to return to his home.

B. Allocation of program funds among activities.

Program funds are allocated for two major activities: (1) Foster Care maintenance (at the state's Title XIX medical assistance match); (2) administration of the state plan (at a 75 percent match for training and at a 50 percent match for the remainder of administrative expenditures).

The term foster care maintenance payments means payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation.

Institutional care shall include the reasonable costs of administration and operation.

In FY 1985, maintenance payments cost about $328 million and administration about $162 million.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

The unit for whom Title IV-E foster care is provided is the child who would have been eligible for AFDC in his own home, but who has been removed from that home and placed in a licensed foster home or child care institution by the state agency.

B. Income eligibility standards.

Limitations on income in the Title IV-E program are the same as those in the state's Title IV-A (AFDC) program. For example, the child is not eligible under Title IV-E if his unearned income exceeds 185 percent of the foster care maintenance payment. The state must then arrange to cover the cost of foster care from the child's own funds or other nonfederal funds.

Disregards, deductions, or discounts from gross earned or unearned income, and limits on assets are the same as in the Title IV-A program. The effects of these upon an individual's eligibility would be the same as in the AFDC program in each state. For example, the state may exclude any earned income of a dependent child who is a full-time student, in such amounts and for such period of time as the state may determine, not to exceed six months.

C. Other eligibility requirements.

The child must be a needy child, according to the AFDC definition, which includes limitations on income and assets. In addition, the child must have been removed from the home of a relative, must be under the responsibility of the state agency, and placed in a licensed foster family home or child care institution.

A child over 16 years of age and not in school is required to register for WIN, unless otherwise exempted.

D. Other income a recipient unit is required or expected to spend to receive benefits.

There are no requirements in the Title IV-E program regarding a "spend-down" to receive benefits.

V. BENEFITS AND SERVICES

A. Program intake processes.

Program intake includes both voluntary applications (e.g., a parent who, because of illness, was unable to care for a child at home) and applications resulting from agency action following a complaint of child abuse or neglect. States are required by state law to investigate such complaints and, under general state statutory authority, to provide protection to minors living in the state. Local administering agencies are usually the county departments of social services and may include Indian Tribes or other public agencies if there is an existing agreement with the state agency.

During fiscal year 1984, the average monthly number of children in IV-E foster care in voluntary placements was 1 percent of all the average monthly number of children in IV-E foster care.

B. Program benefits or services.

The program provides foster care for low income (AFDC eligible) children in need of a stable, protective environment when it has been necessary to remove them from their homes due to circumstances such as child abuse and neglect.

Benefits to the child under this program are foster care maintenance payments provided in the form of a monthly check to foster parents or to a child care institution. The child is also eligible for Title XIX medical assistance and any services provided under Title XX by the state.

The standards for foster care payments are determined by each state. Examples of the criteria used for setting these standards are the child's age, physical condition, and other special needs.

C. Duration of benefits.

No information is available about average duration of participation.

Duration of participation in the program is limited only by the maximum age under the Title IV-A program (under age 18 or under age 19 if a full-time student expected to complete current educational program before age 19), or when the child leaves foster care and returns to his own home or other nonfoster care placement.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

While the children must meet AFDC eligibility requirements in their own homes, once they are removed from that home they are not eligible for Title IV-A benefits.

A child who meets the requirements for the SSI program is eligible for the Title IV-E adoption assistance program, if determined also to be a child with special needs. However, a child who is receiving SSI benefits may not concurrently receive foster care payments under Title IV-E, and may not be otherwise eligible in relation to the requirements of Section 472(a). A child who meets the disability requirements under SSI does not necessarily meet the requirements for eligibility under Title IV-E.

B. Counting assistance from other programs.

The amount of benefits received under Title IV-E is not affected by increases or decreases in other public assistance programs because a child receiving IV-E benefits is not eligible for other cash assistance programs while in foster care.

C. Overlapping authorities and benefits.

The Bureau of Indian Affairs, U.S. Department of the Interior, provides foster care maintenance and services to Indian children for whom there is no alternative source of benefits. There may be children in the BIA caseload who would be eligible for Title IV-E if an eligibility determination were made, but the number of such children is unknown.

Recipients of IV-E Foster Care may be eligible for a wide range of non-cash food and housing programs.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Finance
    Subcommittee on Social Security and Income Maintenance Programs

House of Representatives

Committee on Ways and Means
    Subcommittee on Public Assistance and Unemployment Compensation

B. Appropriating subcommittees.

Senate

Subcommittee on Labor, Health and Human Services, Education and Related Agencies

House of Representatives

Subcommittee on Labor, Health and Human Services, Education and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

The Title IV-E Foster Care Maintenance Payments Program was created by Pub. L. 96-272 and became effective October 1, 1980. Prior to that time, the federal Foster Care program was administered under Section 408 of the Social Security Act, as part of the Title IV-A AFDC program. Section 408 was phased out as states certified their eligibility for Title IV-E and was finally repealed effective October 1, 1982. Title IV-E's predecessor program under Title IV-A was similar to the current program; however, Title IV-E added new requirements related to preventive and reunification services and provisions for payments for children voluntarily placed in foster care.

Since the inception of Title IV-E, Congress approved, as part of the Consolidated Omnibus Budget Reconciliation Act of 1986 (Pub. L. 99-272) a two year program to assist youth age 16 and over, who are receiving benefits under the Foster Care Program, to make the transition to independent living (Section 477 of the Social Security Act). COBRA also established Medicaid eligibility for Title IV-E eligible children in foster care in the state where they reside (Section 473(b) as amended). This affects children who move across state lines while in foster care.

E. Major federal implementing regulations and regulatory changes.

The Department published an initial Notice of Proposed Rulemaking to implement the provisions of Pub. L. 96-272, the Adoption Assistance and Child Welfare Act of 1980, on December 31, 1980. Subsequently, the Department determined that a less prescriptive approach to implementing the statutory requirements was advisable. Therefore, a second NPRM was published on July 15, 1982, and the final rule was published May 23, 1983. Final fiscal regulations were published July 15, 1982.

The final regulations implemented the provisions of the Adoption Assistance and Child Welfare Act and provided the basic programmatic requirements under Titles IV-E and IV-B.

F. Innovative practices at the federal, state, or local levels to achieve the program's objectives.

States throughout the country have developed, particularly since passage of Pub. L. 96-272, improved case review systems which are intended to move the child through the foster care system and into a permanent living arrangement as soon as possible. Review panels now include citizen participants in addition to agency administrators; some states have developed, with the courts, review panels which are advisory to the court as well as the agency in developing a permanent plan for the child. Parents are also invited to participate in the periodic review -- an innovation from previous practice in most states.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (in thousands)
13.658 FOSTER CARE

	BENEFITS (1)		ADMINISTRATION (2)		"OTHER" Funds Spent Under This Program Authority (3)		
	Federal	State-local	Federal	State-local	Federal	State-local	Total
United States	$320,752	$288,284	$156,098	$156,096	$7,413	$2,472	$929,113
Alabama	$2,098	$810	$244	$244	$0	$0	$3,396
Alaska	$17	$17	$0	$0	$0	$0	$34
Arizona	$1,240	$786	$1,399	$1,399	$0	$0	$4,824
Arkansas	$536	$192	$89	$89	$0	$0	$906
California	$69,922	$69,922	$47,983	$47,983	$714	$238	$236,762
Colorado	$2,477	$2,477	$6	$6	$6	$2	$4,974
Connecticut	$1,967	$1,967	$1,145	$1,145	$0	$0	$6,224
Delaware	$440	$440	$176	$176	$0	$0	$1,232
D. C.	$4,497	$4,497	$2,764	$2,764	$0	$0	$14,522
Florida	$2,736	$1,948	$617	$617	$0	$0	$5,918
Georgia	$4,212	$2,034	$3,608	$3,608	$0	$0	$13,462
Hawaii	$45	$45	$14	$14	$0	$0	$118
Idaho	$175	$86	$28	$28	$1	$0	$318
Illinois	$5,802	$5,802	$3,578	$3,578	$0	$0	$18,760
Indiana	$856	$572	$265	$265	$0	$0	$1,958
Iowa	$1,147	$929	$653	$653	$0	$0	$3,382
Kansas	$2,836	$2,761	$731	$731	$13	$4	$7,076
Kentucky	$4,548	$1,883	$21	$21	$0	$0	$6,473
Louisiana	$6,065	$3,345	$5,047	$5,047	$220	$73	$19,797
Maine	$1,447	$602	$783	$783	$35	$12	$3,662
Maryland	$2,595	$2,595	$2,692	$2,692	$210	$70	$10,854
Massachusetts	$2,654	$2,640	$2,127	$2,127	$0	$0	$9,548
Michigan	$27,640	$26,877	$10,201	$10,201	$101	$34	$75,054
Minnesota	$5,025	$4,516	$2,191	$2,191	$49	$16	$13,988
Mississippi	$989	$285	$80	$80	$3	$1	$1,438
Missouri	$4,416	$2,776	$7,537	$7,537	$342	$114	$22,722
Montana	$1,022	$565	$357	$357	$0	$0	$2,301
Nebraska	$1,661	$1,246	$1,179	$1,179	$44	$15	$5,324
Nevada	$344	$344	$26	$26	$0	$0	$740
New Hampshire	$714	$487	$475	$475	$3	$1	$2,155
New Jersey	$4,689	$4,689	$1,738	$1,738	$24	$8	$12,886
New Mexico	$1,279	$564	$1,215	$1,215	$12	$4	$4,289
New York	$91,714	$91,714	$36,390	$36,390	$4,100	$1,367	$261,675
N. Carolina	$1,874	$821	$155	$155	$0	$0	$3,005
N. Dakota	$716	$451	$86	$86	$0	$0	$1,339
Ohio	$6,949	$5,585	$358	$358	$0	$0	$13,250
Oklahoma	$2,208	$1,568	$1,221	$1,221	$7	$2	$6,227
Oregon	$3,419	$2,567	$2,285	$2,285	$0	$0	$10,556
Pennsylvania	$19,319	$15,155	$2,821	$2,821	$72	$24	$40,212
Rhode Island	$884	$636	$383	$383	$0	$0	$2,286
S. Carolina	$1,205	$434	$664	$664	$17	$6	$2,990
S. Dakota	$552	$256	$13	$13	$0	$0	$834
Tennessee	$1,656	$688	$30	$30	$0	$0	$2,404
Texas	$6,946	$5,829	$2,782	$2,782	$111	$37	$18,487
Utah	$497	$205	$419	$419	$5	$2	$1,547
Vermont	$1,180	$521	$1,089	$1,089	$11	$4	$3,894
Virginia	$2,676	$2,058	$447	$447	$7	$2	$5,637
Washington	$1,817	$1,817	$1,861	$1,861	$0	$0	$7,356
W. Virginia	$3,323	$1,386	$2,880	$2,880	$1,304	$435	$12,208
Wisconsin	$7,580	$5,748	$3,243	$3,243	$2	$1	$19,817
Wyoming	$146	$146	$0	$0	$0	$0	$292

Data Sources: State expenditure reports.

(1) [475 (4) of the Social Security Act, 42 USC 675(4) & 45 CFR 1356.60(a)]
Foster Care maintenance payments' means payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child and reasonable travel to the child's home for visitation. In the case of institutional care, such term shall include the reasonable costs of administration and operation of such institution as are necessarily required to provide the items described in the preceding sentence.
(2) [474 (a)(3) of the Social Security Act, 42 USC 674 (a)(3) & 45 CFR 1356.60 (c)]
"Funds found necessary by the Secretary for proper and efficient administration of the program."
(3) [474 (a)(3) of the Social Security Act]
Training of staff or persons preparing for employment by the State or local agency.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands)
13.658 FOSTER CARE

	BENEFITS (1)		ADMINISTRATION (2)		"OTHER" Funds Spent Under This Program Authority (3)		
	Federal	State-local	Federal	State-local	Federal	State-local	Total
United States	$292,715	$261,837	$136,990	$136,990	$4,378	$1,459	$834,370
Alabama	$2,071	$800	$129	$129	$0	$0	$3,129
Alaska	$80	$80	$0	$0	$0	$0	$160
Arizona	$1,187	$752	$933	$933	$0	$0	$3,805
Arkansas	$519	$186	$30	$30	$1	$0	$766
California	$54,847	$54,847	$40,333	$40,333	$901	$301	$191,562
Colorado	$1,541	$1,541	$18	$18	$3	$1	$3,120
Connecticut	$2,005	$2,005	$921	$921	$0	$0	$5,852
Delaware	$399	$399	$21	$21	$0	$0	$840
D. C.	$4,843	$4,843	$2,310	$2,310	$0	$0	$14,306
Florida	$2,740	$1,951	$181	$181	$1	$0	$5,054
Georgia	$3,893	$1,880	$3,496	$3,496	$0	$0	$12,765
Hawaii	$28	$28	$10	$10	$0	$0	$76
Idaho	$232	$113	$19	$19	$0	$0	$383
Illinois	$5,362	$5,362	$936	$936	$0	$0	$12,596
Indiana	$826	$552	$147	$147	$0	$0	$1,672
Iowa	$1,000	$810	$764	$764	$0	$0	$3,338
Kansas	$2,766	$2,693	$682	$682	$6	$2	$6,831
Kentucky	$2,123	$879	$68	$68	$0	$0	$3,138
Louisiana	$4,903	$2,704	$5,396	$5,396	$207	$69	$18,675
Maine	$1,891	$786	$1,073	$1,073	$3	$1	$4,827
Maryland	$2,897	$2,897	$161	$161	$0	$0	$6,116
Massachusetts	$2,863	$2,848	$2,258	$2,258	$0	$0	$10,227
Michigan	$23,937	$23,276	$9,363	$9,363	$20	$7	$65,968
Minnesota	$4,677	$4,203	$1,703	$1,703	$3	$1	$12,290
Mississippi	$892	$257	$77	$77	$2	$1	$1,306
Missouri	$947	$595	$1,328	$1,328	$119	$40	$4,357
Montana	$1,095	$605	$431	$431	$3	$1	$2,566
Nebraska	$1,352	$1,015	$869	$869	$73	$24	$4,202
Nevada	$335	$335	$24	$24	$0	$0	$718
New Hampshire	$731	$499	$475	$475	$5	$2	$2,187
New Jersey	$5,237	$5,237	$631	$631	$0	$0	$11,736
New Mexico	$588	$259	$31	$31	$6	$2	$917
New York	$88,375	$88,375	$37,709	$37,709	$2,529	$843	$255,540
N. Carolina	$1,919	$841	$146	$146	$0	$0	$3,052
N. Dakota	$721	$455	$64	$64	$1	$0	$1,305
Ohio	$5,411	$4,349	$389	$389	$0	$0	$10,538
Oklahoma	$2,242	$1,592	$1,428	$1,428	$14	$5	$6,709
Oregon	$3,722	$2,794	$2,538	$2,538	$0	$0	$11,592
Pennsylvania	$25,355	$19,889	$3,800	$3,800	$36	$12	$52,892
Rhode Island	$1,244	$895	$0	$0	$0	$0	$2,139
S. Carolina	$1,073	$387	$267	$267	$1	$0	$1,995
S. Dakota	$508	$236	$15	$15	$0	$0	$774
Tennessee	$1,615	$671	$70	$70	$0	$0	$2,426
Texas	$6,315	$5,300	$6,443	$6,443	$73	$24	$24,598
Utah	$460	$189	$342	$342	$4	$1	$1,338
Vermont	$950	$419	$965	$965	$11	$4	$3,314
Virginia	$2,501	$1,923	$532	$532	$8	$3	$5,499
Washington	$1,711	$1,711	$1,578	$1,578	$0	$0	$6,578
W. Virginia	$2,582	$1,077	$2,629	$2,629	$348	$116	$9,381
Wisconsin	$7,065	$5,358	$3,257	$3,257	$0	$0	$18,937
Wyoming	$140	$140	$0	$0	$0	$0	$280

Data Sources: State expenditure reports.

(1) [475 (4) of the Social Security Act, 42 USC 675(4) & 45 CFR 1356.60(a)]
Foster Care maintenance payments' means payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a chid and reasonable travel to the child's home for visitation. In the case of institutional care, such term shall include the reasonable costs of administration and operation of such institution as are necessarily required to provide the items described in the preceding sentence.

(2) [474 (a)(3) of the Social Security Act, 42 USC 674 (a)(3) & 45 CFR 1356.60 (c)]
"Funds found necessary by the Secretary for proper and efficient administration of the program."

(3) [474 (a)(3) of the Social Security Act]
Training of staff or persons preparing for employment by the State or local agency.

IX. A. FY 85 RECIPIENT CHARACTERISTICS
13.658 FOSTER CARE

		Persons Served (1)	
United States		108,307	(2)
Alabama		1,521	
Alaska		2	
Arizona		476	
Arkansas		455	
California		21,309	
Colorado		1,804	
Connecticut		1,087	
Delaware		337	
D. C.		1,186	
Florida		1,308	
Georgia		1,750	
Hawaii		35	
Idaho		166	
Illinois		4,206	
Indiana		1,368	
Iowa		707	
Kansas		1,096	
Kentucky		1,587	
Louisiana		2,115	
Maine		681	
Maryland		1,595	
Massachusetts		898	
Michigan		6,492	
Minnesota		1,738	
Mississippi		761	
Missouri		2,076	
Montana		311	
Nebraska		743	
Nevada		214	
New Hampshire		469	
New Jersey		3,977	
New Mexico		524	
New York		17,622	
N. Carolina		1,425	
N. Dakota		262	
Ohio		4,256	(2)
Oklahoma		1,003	
Oregon		1,238	
Pennsylvania		6,900	(2)
Rhode Island		382	(2)
S. Carolina		862	
S. Dakota		281	
Tennessee		1,063	
Texas		2,814	
Utah		258	
Vermont		469	
Virginia		1,919	
Washington		1,012	
W. Virginia		1,039	
Wisconsin		2,435	
Wyoming		93	

Data Sources: State expenditure reports.

(1) Based on mean monthly caseload.
(2) Estimated in part on the basis of earlier expenditure reports

IX. B. FY 84 RECIPIENT CHARACTERISTICS
13.658 FOSTER CARE

		Persons Served	(1)
United States		102,051	
Alabama		1,513	
Alaska		19	
Arizona		507	
Arkansas		395	
California		18,197	
Colorado		1,204	
Connecticut		1,100	
Delaware		296	
D. C.		1,592	
Florida		1,439	
Georgia		1,602	
Hawaii		26	
Idaho		158	
Illinois		4,107	
Indiana		1,487	
Iowa		656	
Kansas		1,046	
Kentucky		1,153	
Louisiana		1,980	
Maine		825	
Maryland		1,805	
Massachusetts		927	
Michigan		6,082	
Minnesota		1,665	
Mississippi		750	
Missouri		1,888	
Montana		357	
Nebraska		635	
Nevada		224	
New Hampshire		467	
New Jersey		3,350	
New Mexico		302	
New York		16,891	
N. Carolina		1,524	
N. Dakota		280	
Ohio		4,171	
Oklahoma		904	
Oregon		1,357	
Pennsylvania		6,762	(2)
Rhode Island		459	
S. Carolina		845	
S. Dakota		282	
Tennessee		1,135	
Texas		2,685	
Utah		295	
Vermont		431	
Virginia		1,984	
Washington		1,203	
W. Virginia		760	
Wisconsin		2,266	
Wyoming		65	

Data Sources: State expenditure reports.

(1) Based on mean monthly caseload.
(2) Estimate.

X. A. MEAN FY 85 COSTS PER UNIT SERVED (1)
13.658 FOSTER CARE

	Benefits	Administration	"Other" Funds Spent Under This Program Authority	Total
United States	$5,602	$2,882	$91	$8,575
Alabama	$1,912	$321	$0	$2,233
Alaska	$17,000	$0	$0	$17,000
Arizona	$4,256	$5,878	$0	$10,134
Arkansas	$1,600	$391	$0	$1,991
California	$6,563	$4,504	$45	$11,111
Colorado	$2,746	$7	$4	$2,757
Connecticut	$3,619	$2,107	$0	$5,726
Delaware	$2,611	$1,045	$0	$3,656
D. C.	$7,583	$4,661	$0	$12,245
Florida	$3,581	$943	$0	$4,524
Georgia	$3,569	$4,123	$0	$7,693
Hawaii	$2,571	$800	$0	$3,371
Idaho	$1,572	$337	$6	$1,916
Illinois	$2,759	$1,701	$0	$4,460
Indiana	$1,044	$387	$0	$1,431
Iowa	$2,936	$1,847	$0	$4,784
Kansas	$5,107	$1,334	$16	$6,456
Kentucky	$4,052	$26	$0	$4,079
Louisiana	$4,449	$4,773	$139	$9,360
Maine	$3,009	$2,300	$69	$5,377
Maryland	$3,254	$3,376	$176	$6,805
Massachusetts	$5,895	$4,737	$0	$10,633
Michigan	$8,398	$3,143	$21	$11,561
Minnesota	$5,490	$2,521	$37	$8,048
Mississippi	$1,674	$210	$5	$1,890
Missouri	$3,464	$7,261	$220	$10,945
Montana	$5,103	$2,296	$0	$7,399
Nebraska	$3,913	$3,174	$79	$7,166
Nevada	$3,215	$243	$0	$3,458
New Hampshire	$2,561	$2,026	$9	$4,595
New Jersey	$2,358	$874	$8	$3,240
New Mexico	$3,517	$4,637	$31	$8,185
New York	$10,409	$4,130	$310	$14,849
North Carolina	$1,891	$218	$0	$2,109
North Dakota	$4,454	$656	$0	$5,111
Ohio	$2,945	$168	$0	$3,113
Oklahoma	$3,765	$2,435	$9	$6,208
Oregon	$4,835	$3,691	$0	$8,527
Pennsylvania	$4,996	$818	$14	$5,828
Rhode Island	$4,199	$2,116	$0	$6,315
S. Carolina	$1,901	$1,541	$27	$3,469
S. Dakota	$2,875	$93	$0	$2,968
Tennessee	$2,205	$56	$0	$2,262
Texas	$4,540	$1,977	$53	$6,570
Utah	$2,721	$3,248	$27	$5,996
Vermont	$3,627	$4,644	$32	$8,303
Virginia	$2,467	$466	$5	$2,937
Washington	$3,591	$3,678	$0	$7,269
W. Virginia	$4,532	$5,544	$1,674	$11,750
Wisconsin	$5,474	$2,664	$1	$8,138
Wyoming	$3,140	$0	$0	$3,140

Data Sources: State expenditurs reports except Pennsylvania, for which State estimates were used.

(1) Based on mean monthly caseload.

X. B. MEAN FY 84 COSTS PER UNIT SERVED (1)
13.658 FOSTER CARE

	Benefits	Administration	"Other" Funds Spent Under This Program Authority	Total
United States	$5,434	$2,685	$57	$8,176
Alabama	$1,898	$171	$0	$2,068
Alaska	$8,421	$0	$0	$8,421
Arizona	$3,824	$3,680	$0	$7,505
Arkansas	$1,785	$152	$3	$1,939
California	$6,028	$4,433	$66	$10,527
Colorado	$2,559	$29	$3	$2,591
Connecticut	$3,645	$1,675	$0	$5,320
Delaware	$2,696	$142	$0	$2,838
D. C.	$6,084	$2,902	$0	$8,986
Florida	$3,260	$252	$1	$3,512
Georgia	$3,604	$4,365	$0	$7,968
Hawaii	$2,154	$769	$0	$2,923
Idaho	$2,212	$244	$0	$2,455
Illinois	$2,611	$456	$0	$3,067
Indiana	$927	$197	$0	$1,124
Iowa	$2,758	$2,331	$0	$5,089
Kansas	$5,219	$1,304	$8	$6,531
Kentucky	$2,604	$118	$0	$2,722
Louisiana	$3,842	$5,451	$139	$9,432
Maine	$3,245	$2,601	$5	$5,851
Maryland	$3,210	$178	$0	$3,388
Massachusetts	$6,161	$4,872	$0	$11,032
Michigan	$7,763	$3,079	$4	$10,846
Minnesota	$5,333	$2,046	$2	$7,381
Mississippi	$1,532	$205	$4	$1,741
Missouri	$817	$1,406	$84	$2,308
Montana	$4,762	$2,415	$11	$7,188
Nebraska	$3,728	$2,737	$153	$6,617
Nevada	$2,991	$214	$0	$3,205
New Hampshire	$2,634	$2,034	$15	$4,683
New Jersey	$3,127	$377	$0	$3,503
New Mexico	$2,805	$205	$26	$3,036
New York	$10,464	$4,465	$200	$15,129
North Carolina	$1,811	$191	$0	$2,003
North Dakota	$4,200	$457	$4	$4,661
Ohio	$2,340	$187	$0	$2,526
Oklahoma	$4,241	$3,159	$21	$7,421
Oregon	$4,802	$3,741	$0	$8,542
Pennsylvania	$6,691	$1,124	$7	$7,822
Rhode Island	$4,660	$0	$0	$4,660
S. Carolina	$1,728	$632	$1	$2,361
S. Dakota	$2,638	$106	$0	$2,745
Tennessee	$2,014	$123	$0	$2,137
Texas	$4,326	$4,799	$36	$9,161
Utah	$2,200	$2,319	$17	$4,536
Vermont	$3,176	$4,478	$35	$7,689
Virginia	$2,230	$537	$5	$2,772
Washington	$2,844	$2,624	$0	$5,468
W. Virginia	$4,814	$6,918	$611	$12,343
Wisconsin	$5,482	$2,875	$0	$8,357
Wyoming	$4,308	$0	$0	$4,308

Data Sources: State expenditure reports except Pennsylvania which is based on estimates.

(1) Based on mean monthly caseload.

XI. HISTORICAL DATA (Dollars in thousands)
13.658 FOSTER CARE

Federal Fiscal Year	Total Federal Obligations	(1)	Total State-Local Obligations	(1)	Persons Served
		(2)		(2)	
1985	$484,261		$444,852		108,307
1984	$434,083		$400,286		102,051
1983	$394,787		$364,768		97,360
1982	$373,849		$339,392		93,309
1981	$308,776		$277,186		104,851
1980	$223,000		$193,000		100,272
1979	$218,000		$186,000		103,771
1978	$209,000		$194,000		106,504
1977	$183,000		$168,000		110,494
1976	$171,000		$155,000		114,962
1975	$138,000		$119,000		106,869
1974	$90,000		$76,000		90,000
1973	$71,000		$58,000		84,097
1972	$85,000		$75,000		71,118
1971	$40,000		$30,000		57,075
1970					34,450
1969					16,750
1968					8,500
1967					8,030
1966					7,385
1965					5,623
1964					4,081
1963					2,308
1962					989
1961					
1960					

Data Sources: State expenditure reports.

(1) Program expenditures claimed by States for the relevant fiscal year used as the most reliable and significant measure.
(2) Includes costs claimed for administration and training.

REFUGEE RESETTLEMENT PROGRAM

I. PROGRAM SUMMARY

The Refugee Resettlement Program (RRP) provides subsidies to states for cash, medical assistance, and social services provided to refugees in order to promote their economic self-sufficiency within the shortest possible time. States play key roles in planning, administering, and coordinating the program as well as assuming legal responsibility for the care of unaccompanied refugee children. Local agencies and, frequently, private organizations that sponsor refugees, such as voluntary resettlement agencies and mutual assistance associations, serve as contact points for applicants in need.

In FY 1985, RRP served a mean monthly caseload of 370,000 persons at a total federal cost of about $469 million. In its peak year of FY 1982, RRP served 658,000 persons with outlays of about $1.0 billion. The program is fully subsidized by the federal government.

Refugees can qualify for AFDC, SSI, and Medicaid on the same basis as citizens and, in FY 1987, RRP will subsidize states for their share of the costs during the first 31 months after the refugee's initial entry into the U.S. In FY 1987, needy refugees who meet the state's income and asset tests, but who are not categorically eligible for the standard programs (e.g., single, childless, or two-parent family refugees) can qualify for Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA) for up to 18 months after their initial entry into this country.

With few exceptions, eligibility requirements are the same as the standards set by states in their AFDC and Medicaid programs. In addition to documentation of refugee status from the Immigration and Naturalization Service, RCA and RMA recipients must accept appropriate offers of employment services, training, and jobs. The social services provided by RRP emphasize English language training and employment-related services, but also include a broad range of services to ease social adjustment.

II. ADMINISTRATION

A. Program name: Refugee Resettlement Program.

B. Catalog of Federal Domestic Assistance No.: 13.814
Budget account number(s): 75-0473-0-1-609.

C. Current authorizing statute: 8 U.S.C. 1521-1525 (refugees); 8 U.S.C. 1522 note (entrants).

D. Location of program regulations in the Code of Federal Regulations: 45 CFR Part 400; 45 CFR Part 401.

E. Federal administering agency: Office of Refugee Resettlement, Family Support Administration, Department of Health and Human Services.

F. Primary grantee (if any) receiving program funds to provide benefits: States and private nonprofit organizations.

G. Subgrantee (if any) receiving program funds to provide benefits: Counties; cities; private nonprofit organizations; school districts.

H. Allocation of federal funds.

Most funds are provided as open-ended subsidies for state expenditures, subject to availability of funds.

Refugees who are members of families with dependent children may qualify for and receive benefits under the program of Aid to Families with Dependent Children (AFDC) on the same basis as citizens. Under the Refugee Resettlement Program (RRP), the Office of Refugee Resettlement (ORR) subsidizes states for the normal state share of AFDC payments made to refugees during their first 31 months following initial entry into the United States (prior to passage of Gramm-Rudman-Hollings, reimbursement was for 36 months). The regular federal share of the AFDC program costs is paid by the Office of Family Assistance. Similarly, aged, blind, and disabled refugees may be eligible for the federal Supplemental Security Income (SSI) program on the same basis as citizens. In states which supplement the federal SSI payment levels, RRP bears the cost of such state supplements paid to refugees during their first 31 months.

Refugees who qualify for Medicaid according to all applicable eligibility criteria receive medical services under that program. The normal state share of Medicaid costs incurred on a refugee's behalf during his or her initial 31 months in this country is subsidized by RRP. The regular federal share of the Medicaid program costs is paid by the Health Care Financing Administration.

Needy refugees who do not qualify for cash assistance under the AFDC or SSI programs may receive special cash assistance for refugees -- termed "Refugee Cash Assistance" (RCA) -- according to their need. In order to receive such cash assistance, refugee individuals or families generally must meet the income and resource eligibility standards applied in the AFDC program in the states. This assistance is available for up to 18 months after the refugee arrives in the U.S. and is fully subsidized by RRP.

In all states, refugees who are eligible for RCA are also eligible for Refugee Medical Assistance (RMA) for up to 18 months. This assistance is provided in the same manner as Medicaid is for other needy residents. Refugees may also be eligible for only medical assistance if their income is slightly above that required for cash assistance eligibility and if they incur medical expenses which bring their net income down to the Medicaid eligibility level. RRP fully subsidizes RMA costs.

In FY 1986, about 80 percent of the available social service funds were allocated to the states based on each state's proportion of the national population of refugees and Cuban and Haitian entrants who had been in the U.S. less than 3 three years as of October 1, 1985. About 0.5 percent of the funds were allocated to states which have particular needs associated with small refugee/entrant populations in order to provide a floor of $75,000 for states with fewer than 500 refugees/entrants. Approximately 4.2 percent of the funds were allocated to each state on the basis of its proportion of the 3-year refugee/entrant population in order to provide an incentive for states to fund refugee/entrant mutual assistance associations (MAAs). The remaining 15.3 percent were discretionary to fund specifically directed initiatives intended to contribute to the effectiveness and efficiency of the refugee resettlement program in service delivery and self-support.

I. Role of state and local governments in administering the program.

Under the Refugee Act of 1980, states have key responsibilities in planning, administering, and coordinating refugee resettlement activities. States administer the provision of cash and medical assistance and social services to refugees, as well as assuming legal responsibility for the care of unaccompanied refugee children in the state.

In order to receive subsidies under the refugee program, a state is required by the Refugee Act and by regulation to submit a plan which describes the nature and scope of the program and gives assurances that the program will be administered in conformity with the Act. As a part of the plan, a state designates a state agency to be responsible for developing and administering the plan and names a refugee coordinator who will ensure the coordination of public and private refugee resettlement resources in the state.

J. Audit or quality control.

The Office of Refugee Resettlement (ORR) has not issued standards for administrative efficiency. RRP detects errors in state administration of refugee programs through monitoring and management reviews and takes disallowances of claims when warranted.

RRP also detects errors through audits conducted by the HHS Office of the Inspector General (OIG). Formal audits of several state refugee programs were undertaken by the HHS Inspector General's office in FY 1985.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

Title I of the Refugee Act of 1980, states that: "The objectives of this Act are to provide a permanent and systematic procedure for the admission to this country of refugees of special humanitarian concern to the United States, and to provide comprehensive and uniform provisions for the effective resettlement and absorption of those refugees who are admitted."

Section 412(a) of the Immigration and Nationality Act (INA), as amended by the Refugee Act of 1980, makes clear that the Director of the Office of Refugee Resettlement Program shall, to the extent of available appropriations: (1) make available sufficient resources for employment training and placement in order to achieve economic self-sufficiency among refugees as quickly as possible; (2) provide refugees with the opportunity to acquire sufficient English language training to enable them to become effectively resettled as quickly as possible; (3) ensure that cash assistance is made available to refugees in such a manner as not to discourage their economic self-sufficiency; and (4) insure that women have the same opportunities as men to participate in training and instruction.

Section 412 of the INA also notes that "it is the intent of Congress that in providing refugees assistance under this section -- (i) employable refugees should be placed in jobs as soon as possible after their arrival in the United States; (ii) social service funds should be focused on employment-related services, English-as-a-second-language training (in nonwork hours where possible), and case-management services; and (iii) local voluntary agency activities should be conducted in close cooperation and advance consultation with state and local governments."

The program goal as transmitted by RRP to the states in 1984 is as follows: "The goal of the refugee resettlement program is to promote economic self-sufficiency within the shortest possible time after a refugee's entrance into the state, through the planned and coordinated use of support services, with cash and medical assistance as transitional aid where necessary, to achieve the self-sufficiency goal. Economic self-sufficiency is defined as gainful employment in non-subsidized jobs with at least 90-day retention and receipt of a wage adequate for the basic economic needs of the person and family without reliance on public assistance."

B. Allocation of program funds among activities.

The Refugee Resettlement Program subsidizes states for their costs of providing cash and medical assistance to refugees. RRP is providing federal funding to states for the normal state share of assistance paid to refugees categorically eligible for AFDC, Medicaid, and SSI. In FY 1987, these payments are available to states for costs incurred during an initial 31-month period after a refugee's arrival in the U.S. RRP also provides subsidies for cash and medical assistance for needy refugees who meet the income and resource requirements of the AFDC, SSI, or Medicaid programs but who may not meet other eligibility requirements (such as family composition, presence of children, age, disability, or blindness, etc.) during an initial 18-month period after arrival, and during an additional 13-month period of assistance provided under a state/local general assistance program in FY 1987.

In accordance with RRP's "Statement of Program Goals, Priorities and Standards for State-Administered Refugee Resettlement Program" issued March 1, 1984, social service funds awarded are subject to a requirement that at least 85 percent of a state's award be used for employment services, English language training, and case management services, reflecting the Congressional objective that "employable refugees should be placed in jobs as soon as possible after their arrival in the United States" and that social service funds be focused on these types of services. (Immigration and Nationality Act, Section 412(a)(1)(B)(i).)

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Needy refugees who are members of families with dependent children may qualify for and receive benefits under the programs of AFDC and Medicaid on the same basis as citizens. Benefits in those programs would be available to each dependent child and the adult caretaker relative(s) with whom the child resides.

Because needy single refugees, childless couples, and two-parent families are potentially eligible for the programs of Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA), the unit of eligibility could either be the individual or the family, considering shared living arrangements, depending on the circumstances of the case. Use of a household concept for determination of RCA eligibility and amount of assistance is also permissible under current policy, at state option.

B. Income eligibility standards.

Income limits used to determine refugee eligibility for AFDC and Medicaid are identical to those applied to U.S. citizens.

Under current policy, refugees who are ineligible for AFDC, but who meet the AFDC need standard in their state of residence, after consideration of income and resources in accordance with 45 CFR 233.20(a)(3) through (11) (except that the two earned income disregards of $30 and of $30 plus one-third at Section 233.20(a)(11)(ii)(B) are not applied), are eligible for Refugee Cash Assistance if they have resided in the U.S. less than 18 months following their initial entry into this country.

In determining financial eligibility, a state may not consider income and resources of a refugee's sponsor which are not contributed to the refugee, or a refugee's resources which are not readily accessible to the refugee -- e.g., resources in the refugee's country of origin. Eligible refugees receive benefits and services at levels essentially equivalent to those provided under the state's AFDC program.

A state must determine eligibility for Refugee Medical Assistance (RMA) of refugees who are ineligible for Medicaid. Medicaid categorical eligibility requirements such as family composition, age, disability, or blindness are not applied to applicants for RMA. To determine financial eligibility for Refugee Medical Assistance in states with Medicaid medically needy programs, a state must use the state's medically needy financial eligibility standards under Medicaid regulations at 42 CFR Part 435, Subpart I, and regulations governing determining income eligibility in 42 CFR 435.831, as reflected in the state's approved Title XIX state Medicaid plan.

In states without medically needy programs, to determine financial eligibility for RMA a state must use the state's AFDC need standard established under 45 CFR 233.20(a)(2) and regulations governing consideration of income and resources under the AFDC program in 45 CFR 233.20(a)(3) through (11) except that the $30 and the $30 plus one-third disregards do not apply. In addition, if an applicant for RMA in a state without a medically needy program does not meet the state's AFDC need standard, the state must allow the applicant to "spend down" to the AFDC need standard using methods for deducting incurred medical expenses in 42 CFR 435.831(c).

Current policy affecting eligibility for social services is based on an Action Transmittal issued by the Social Security Administration in 1979 (SSA-AT-79-33) which requires refugees to be receiving cash assistance or to be within the family income limit (a family whose income is not more than 90 percent of the state's median income) in order to be eligible for the following services: job development, vocational training, skills recertification, day care, transportation, and translation.

In RCA, as in AFDC, although states may vary the need standard by family size, in all cases the income tests would apply uniformly to the applicable need standard. In RMA, as in Medicaid, limits vary by state. In addition, states can set ceilings for the medically needy.

On earned income, unearned income, and assets, RCA and RMA follow the regulations and policies established in the AFDC and Medicaid programs and the discussion of those policies is found in the AFDC and Medicaid sections. One exception to this practice is that the two earned income disregards of $30 and $30 plus one-third are not applied in RCA.

C. Other eligibility requirements.

Other eligibility requirements include proof of refugee status as a condition of receiving benefits under Refugee Cash Assistance and Refugee Medical Assistance or RRP social services.

Refugee unaccompanied minors must meet the definition of "unaccompanied minor" as established in RRP regulations in order to be eligible under that program. An "unaccompanied minor" is a child under 18 years of age (or a higher age established by the state child welfare plan) who entered the United States unaccompanied by and not destined to a parent, a close relative who is willing and able to provide care, or an adult with a clear and court-verifiable claim to custody.

For eligibility for SSI State Supplementation benefits, refugees would have to meet the same categorical requirements as nonrefugees such as age, blindness, or disability.

For FY 1984, the Refugee Resettlement Program (RRP) had the following average monthly recipient breakdown:

	Average Monthly Recipients	Percent of Total
Income and asset tests (AFDC, GA)	114,018	75.28%
Refugee Cash Assistance (RCA)	30,235	19.96
Age, blindness, disability (SSI*)	3,668	2.42
Meets definition of unaccompanied minor	3,546	2.34
TOTAL	151,467	100.00%

Receipt of Refugee Cash Assistance by an employable refugee is conditioned, except for good cause shown, on that refugee's registration with an agency offering employment services specifically designed to assist refugees in attaining economic self-sufficiency. If no such agency is available, the refugee must register with the state or local employment service. Section 412(e)(2)(A) of the Immigration and Nationality Act, as amended by the Refugee Act of 1980, conditions receipt of Refugee Cash Assistance on the participation of employable refugees in available and appropriate social service programs, funded under Section 412(c) of the Act, which provide job or language training. Exemptions for certain individuals from registration for employment services or required services are modeled basically on exemptions which apply to AFDC recipients. Inability to communicate in English does not exempt a refugee from registration.

Under current policy, employable refugees may not, without good cause, within 30 consecutive days prior to the date of application, or at any time when receiving Refugee Cash Assistance, have voluntarily quit employment or refused to accept an appropriate offer of employment services, training, or employment. If an employable recipient of Refugee Cash Assistance refuses to register for, or to accept, or to continue an employment or training opportunity without good cause, the state agency must terminate assistance within the month of such refusal. This sanction remains in effect for three payment months in the first instance, and for six payment months in any subsequent instance.

D. Other income a recipient unit is required or expected to spend to receive benefits.

None.

V. BENEFITS AND SERVICES

A. Program intake processes.

There are a variety of ways in which a refugee could be referred to various programs of assistance and services. For example, a refugee could be referred by a local voluntary resettlement agency, by the refugee's sponsor, by family or friends, by a refugee mutual assistance association, by a case manager, or by the local welfare worker.

Entities which provide services to refugees in a state may include local voluntary resettlement agencies, refugee mutual assistance associations, local school districts, city agencies, county agencies, and private nonprofit employment service or job skills training agencies.

B. Program benefits or services.

As in the AFDC program, RCA program benefits are provided in the form of cash assistance to the assistance unit. This assistance is distributed in the form of monthly or bi-monthly checks to the parent or other caretaker relative.

In cases of mismanagement -- when the state determines that the funds being provided to the regular payee are not being used in the best interest of the child -- payments may be made to a provider vendor (e.g., landlord, utility company). Alternatively, in mismanagement cases, two-party checks may be issued or a protective payee selected.

Payments to a provider vendor may also be made if the recipients request such a procedure and the welfare agency agrees.

As in the Medicaid program, RMA reimburses providers of medical services as they are needed and used by eligible recipients.

Mandatory services provided by all states include the following:

- Inpatient hospital;
- Outpatient hospital;
- Rural health clinic;
- Other laboratory and X-ray;
- Certain skilled nursing facilities;
- Certain preventive care for children;
- Family planning;
- Physicians services.

The major services provided at the state's option include:

- Intermediate care (nursing) facilities, including facilities for the mentally retarded;
- Home health and personal care;
- Clinics;
- Certain therapies (physical, speech, rehabilitation);
- Dental care.

Regarding the provision of services to refugees, there are no nationwide standards in effect for delivery of services. The criteria that do exist would be spelled out in the state's contractual arrangements with service providers, and possibly in the state plan.

C. Duration of benefits.

No information is available about average duration of participation.

The availability of Refugee Cash Assistance and Refugee Medical Assistance is limited by federal regulation to an 18-month period after a refugee arrives in the United States.

An unaccompanied minor refugee is eligible to receive assistance and services until he or she reaches the age of majority in the state in which he or she resides or unless other circumstances prevail which might change the minor's status.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

No program provides categorical eligibility for RRP. As mentioned earlier, refugees may qualify for and receive benefits under AFDC, SSI, and so be categorically eligible for Medicaid on the same basis as citizens.

Refugees receiving assistance under the program of Aid to Families with Dependent Children (AFDC) are not eligible for the program of Refugee Cash Assistance. Similarly, refugees eligible for Medicaid would not be eligible for Refugee Medical Assistance.

B. Counting assistance from other programs.

The regulations of the AFDC program found at 45 CFR 233.20 which also apply to the RCA program include: (1) prohibiting counting the income and resources of a person receiving Supplemental Security Income (SSI) and prohibiting considering the SSI recipient as a member of a family for purposes of determining the amount of AFDC benefits; and (2) prohibiting counting any amounts paid by a state IV-A agency from state-only funds to meet needs of children receiving AFDC, if the payments are made under a statutorily-established state program which has been continuously in effect since before January 1, 1979.

Under RMA, as in the Medicaid program, income from certain sources is excluded from being counted as income for the purposes of RCA. These exclusions carry over to RCA-eligible refugees who apply for RMA only.

If not specifically disregarded by statute in the AFDC program, cash benefits received from other programs are counted dollar-for-dollar as income in determining RCA eligibility and the amount of payment. Typically non-cash benefits from other programs are not counted, but the following are possible exemptions which may apply in RCA as they might in AFDC.

With the enactment of OBRA in 1981, the statute provides that a state may, at its option, count as income to reduce the amount of AFDC paid, the value of the Food Stamps or housing subsidies the family receives, to the extent that their value duplicates the maximum amount payable under the plan for food or shelter to a family of the same composition with no income.

Generally, non-cash benefits are not counted as income.

C. Overlapping authorities and benefits.

In addition to being eligible, under some circumstances, for cash aid through the Earned Income Tax Credit, refugees receiving AFDC, SSI, or RCA may be eligible for a range of non-cash benefits for food and shelter.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on the Judiciary
    Subcommittee on Immigration and Refugee Policy

House of Representatives

Committee on the Judiciary
    Subcommittee on Immigration, Refugees, and International Law

B. Appropriating subcommittees.

Senate

Subcommittee on Labor, Health and Human Services, Education, and Related Agencies

House of Representatives

Subcommittee on Labor, Health and Human Services, Education, and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

Prior to the enactment of the Refugee Act of 1980, various federal statutes attended to the needs of different groups of refugees. Since 1962, Cuban refugees in the United States had been assisted under the Migration and Refugee Assistance Act of 1962 (Pub. L. 87-510). With the flow of Indochinese refugees to the United States in 1975, the Indochina Migration and Refugee Assistance Act of 1975 (Pub. L. 94-23) authorized assistance to or on behalf of Indochinese refugees under the terms of the Migration and Refugee Assistance Act. The 1975 Act was amended subsequently three times in order to include Laotian refugees and to extend the authorization period for domestic assistance. In addition, assistance had been provided for the resettlement of Soviet Jews in the United States. In FY 1979, the Foreign Assistance Appropriations Act earmarked $20 million for expenditure by the Department of Health, Education, and Welfare for an assistance program for Soviets and other refugees not covered by the Cuban and Indochinese programs. (Although a number of refugee groups were admitted to the U.S. after World War II and in the 1950s, they were resettled largely through the efforts of private, voluntary resettlement organizations, with little financial assistance provided by the federal government.)

The Refugee Act of 1980 (Pub. L. 96-212), which amended the Immigration and Nationality Act, established a more uniform basis for the provision of assistance to refugees. Pub. L. 96-212 also created the federal Office of Refugee Resettlement (ORR) in the Department of Health and Human Services to provide a single authority for domestic assistance to all groups of refugees. In addition, the Act set forth a systematic, coherent, and flexible procedure for the admission of refugees to the United States.

Title V of the Refugee Education Assistance Act of 1980 (Pub. L. 96-422) authorized the provision of domestic assistance to Cuban and Haitian entrants (as defined in Title V) in the same manner as it is made available to refugees under the Refugee Act of 1980.

Congress has since passed the Refugee Assistance Amendments of 1982 (Pub. L. 97-363) which reauthorized the Refugee Act of 1980 for one year and placed new conditions on the distribution and receipt of refugee resettlement funds. Pub. L. 97-363 also emphasized the coordination of resettlement activities among federal, state, and local governments and private voluntary resettlement agencies. Legislation to reauthorize the refugee resettlement program was considered by Congress in 1983 but was not passed, and the funding authorization for the program expired on September 30, 1983. Since then, the refugee resettlement program has operated under a series of continuing resolutions.

In October 1984, Congress amended the Immigration and Nationality Act to provide authority for the Secretary of Health and Human Services to implement demonstration projects for refugees in order to increase their prospects for self-sufficiency, reduce their level of welfare dependence, and promote coordination among the voluntary resettlement agencies and service providers. This provision, generally known as the Wilson/Fish Amendment, was contained in the FY 1985 Resolution on Continuing Appropriations (Pub. L. 98-473).

E. Major federal implementing regulations and regulatory changes.

On September 9, 1980, the Office of Refugee Resettlement (ORR) published a final rule in the Federal Register which implemented Section 412(a)(6) of the Immigration and Nationality Act (added by Section 311(a)(2) of the Refugee Act of 1980.) It requires a state, as a condition of receiving assistance for refugees, to submit to RRP: (1) a plan that provides details of the state's program for delivering assistance and services funded by RRP; (2) an annual report, after the end of each fiscal year, on the use of state-administered federal funds provided under the program.

On March 12, 1982, RRP published an interim final rule in the Federal Register which amends the September 1980 regulations and establishes new policies on cash and medical assistance available to refugees and Cuban and Haitian entrants who are ineligible for the programs of Aid to Families with Dependent Children, Supplemental Security Income, Adult Assistance in the Territories, and Medicaid. The regulation permits full federal reimbursement for refugee cash and medical assistance for an eligible refugee for the first 18 months that a refugee is in the United States. The regulation permits a state, at its option, to seek reimbursement under the Refugee Resettlement Program for the cost of general assistance provided to a refugee who is not categorically eligible for AFDC, Medicaid, and SSI, and who has been in the U.S. more than 18 months but less than 36 months.

On January 30, 1986, RRP published a final rule in the Federal Register which sets forth requirements governing quarterly grants to states for assistance and services under the Refugee Resettlement Program. The regulation also includes requirements concerning general administration of state programs, submittal and approval of state plans, immigration status and identification of refugees, child welfare services (including services to unaccompanied minors), and federal funding for a state's expenditures.

On January 30, 1986, RRP published a notice of proposed rule-making in the Federal Register which details requirements governing Refugee Cash Assistance (job search, employability services, and employment on the part of applicants for, and recipients of, Refugee Cash Assistance), Refugee Medical Assistance, and refugee support services. This notice is intended to complete the issuance of comprehensive regulations covering the basic operation of the state-administered Refugee Resettlement Program.

F. Innovative practices at the federal, state, or local levels to achieve the program's objectives.

In 1985, RRP awarded grants under the authority of the Wilson/Fish amendment to the states of California and Oregon for demonstration projects designed to decrease refugee reliance on welfare and to promote earlier economic self-sufficiency.

The purpose of the California Refugee Demonstration Project (RDP), implemented on July 1, 1985, is to test whether removal of disincentives to employment will result in greater employment of refugees and reduced utilization of cash assistance. Under the 3-year RDP, refugee cases which were on AFDC and in which the principal wage earner had been in the U.S. for 24 months or less (as of July 1) were converted from AFDC to the RDP program. Newly applying refugee cases in which the principal wage earner had been in the U.S. for 30 months or less at the point of application (and who would otherwise be eligible for AFDC) are also being aided under the RDP. Refugees who work full-time may still receive supplemental cash assistance and medical care if their earnings are less than the welfare benefit levels. In addition, RDP participants are mandatorily referred to refugee-specific employment programs or other appropriate training as part of an approved employability plan.

The Oregon Refugee Early Employment Project (REEP), which began September 16, 1985, integrates the delivery of cash assistance with case management, social services, and employment services functions within the private, not-for-profit sector in an effort to increase refugee employment and reduce reliance on cash assistance by refugees. Encompassing a tri-county area surrounding Portland, where 85 percent of all refugees in Oregon initially settle, REEP aims to reduce the aggregate 18-month dependency rate for these clients from 80 percent to 50 percent.

The three-year project serves needy refugees who do not meet the state's AFDC or SSI categorical requirements (e.g., members of two-parent families, couples without children, and single individuals) during their initial 18 months in the United States. The target population includes both new arrivals and secondary migrants. Refugees who normally are eligible for assistance under AFDC continue to be eligible for that program and will not participate in REEP.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (in thousands) (1)
13.814 REFUGEE RESETTLEMENT PROGRAM

		Benefits	(2)	Administration	(3)	Total
United States		$387,003		$82,278		$469,281
Alabama		$780		$193		$973
Alaska	(4)					
Arizona		$2,256		$730		$2,986
Arkansas		$258		$162		$420
California		$159,351		$28,219		$187,570
Colorado		$3,394		$1,189		$4,583
Connecticut		$3,550		$753		$4,303
Delaware		$14		$34		$48
D. C.		$1,664		$2,772		$4,436
Florida		$20,985		$4,578		$25,563
Georgia		$2,461		$3,363		$5,824
Hawaii		$2,608		$346		$2,954
Idaho		$660		$485		$1,145
Illinois		$16,349		$3,389		$19,738
Indiana		$626		$45		$671
Iowa		$3,787		$576		$4,363
Kansas		$3,669		$852		$4,521
Kentucky		$628		$88		$716
Louisiana		$2,826		$571		$3,397
Maine		$950		$264		$1,214
Maryland		$3,495		$985		$4,480
Massachusetts		$16,954		$3,790		$20,744
Michigan		$1,959		$2,831		$4,790
Minnesota		$13,439		$2,868		$16,307
Mississippi		$716		$63		$779
Missouri		$2,310		$313		$2,623
Montana		$195		$56		$251
Nebraska		$468		$215		$683
Nevada		$513		$156		$669
New Hampshire		$486		$56		$542
New Jersey		$5,110		$1,065		$6,175
New Mexico		$389		$80		$469
New York		$37,833		$5,002		$42,835
N. Carolina		$1,430		$372		$1,802
N. Dakota		$483		$111		$594
Ohio		$4,353		$539		$4,892
Oklahoma		$1,526		$302		$1,828
Oregon		$10,579		$3,527		$14,106
Pennsylvania		$8,420		$741		$9,161
Rhode Island		$2,875		$1,098		$3,973
S. Carolina		$474		$65		$539
S. Dakota		$224		$37		$261
Tennessee		$1,181		$131		$1,312
Texas		$9,300		$2,315		$11,615
Utah		$2,479		$770		$3,249
Vermont		$511		$77		$588
Virginia		$9,490		$1,653		$11,143
Washington		$19,732		$3,507		$23,239
W. Virginia		$25		$69		$94
Wisconsin		$3,170		$804		$3,974
Wyoming		$43		$55		$98
Guam		$25		$16		$41
Puerto Rico	(4)					
Virgin Islands	(4)					

Data Sources: The Budget of the United States Government - Fiscal Year 1987 - Appendix
Justification of Appropriation Estimates for Committee on Appropriations - Fiscal Year 1987
Internal Office of Refuge Resettlement (ORR) papers

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(1) Based on obligations.
(2) Under the Refugee Resettlement Program, benefits provided fall into two general categories - direct assistance (i.e., cash and medical assistance, voluntary agency provided assistance, and preventive health assessments and treatments), and support services (i.e., social services, targeted assistance, voluntary agency provided support services and child education).
(3) Obligations for administration at the federal level chargeable to this budget account for FY 85 were: $ 5,801(000).
(4) Alaska, Puerto Rico, and the Virgin Islands did not participate in the Refugee Resettlement Program in FY 1985.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands) (1)
13.814 REFUGEE RESETTLEMENT PROGRAM

		Benefits	(2)	Administration	(3)	Total
United States		$407,649		$82,538		$490,187
Alabama		$447		$199		$646
Alaska	(4)					
Arizona		$2,507		$433		$2,940
Arkansas		$239		$288		$527
California		$174,674		$22,842		$197,516
Colorado		$3,320		$1,149		$4,469
Connecticut		$3,570		$495		$4,065
Delaware		$73		$62		$135
D. C.		$3,496		$807		$4,303
Florida		$29,644		$14,482		$44,126
Georgia		$2,618		$3,084		$5,702
Hawaii		$3,216		$883		$4,099
Idaho		$322		$371		$693
Illinois		$15,717		$3,988		$19,705
Indiana		$659		$25		$684
Iowa		$3,946		$558		$4,504
Kansas		$3,502		$576		$4,078
Kentucky		$738		$88		$826
Louisiana		$2,494		$554		$3,048
Maine		$822		$137		$959
Maryland		$4,158		$594		$4,752
Massachusetts		$13,188		$2,893		$16,081
Michigan		$7,398		$1,249		$8,647
Minnesota		$11,717		$2,497		$14,214
Mississippi		$416		$84		$500
Missouri		$2,434		$367		$2,801
Montana		$519		$157		$676
Nebraska		$825		$203		$1,028
Nevada		$630		$104		$734
New Hampshire		$600		$65		$665
New Jersey		$5,616		$1,018		$6,634
New Mexico		$908		$106		$1,014
New York		$27,260		$3,852		$31,112
N. Carolina		$1,410		$382		$1,792
N. Dakota		$715		$188		$903
Ohio		$3,255		$447		$3,702
Oklahoma		$1,656		$295		$1,951
Oregon		$8,744		$3,170		$11,914
Pennsylvania		$11,537		$1,059		$12,596
Rhode Island		$2,606		$1,066		$3,672
S. Carolina		$597		$55		$652
S. Dakota		$280		$12		$292
Tennessee		$1,153		$173		$1,326
Texas		$11,697		$3,061		$14,758
Utah		$3,105		$895		$4,000
Vermont		$622		$100		$722
Virginia		$9,815		$1,964		$11,779
Washington		$18,971		$4,069		$23,040
W. Virginia		$42		$84		$126
Wisconsin		$3,639		$1,268		$4,907
Wyoming		$112		$25		$137
Guam		$20		$15		$35
Puerto Rico	(4)					
Virgin Islands	(4)					

Data Sources: The Budget of the United States Government - Fiscal
Year 1986 - Appendix
Justification of Appropriation Estimates for Committee
on Appropriations - Fiscal Year 1986
Internal Office of Refugee Resettlement (ORR) papers

(1) Based on obligations.
(2) Under the Refugee Resettlement Program, benefits provided fall into two general categories - direct assistance (i.e., cash and medical assistance, voluntary agency provided assistance, and preventive health assessments and treatments), and support services (i.e., social services, targeted assistance, voluntary agency provided support services and child education).
(3) Administration is defined as reasonable and necessary overhead and support costs required to administer local Refugee Resettlement program and services. Obligations for administration at the federal level chargeable to this budget account for FY 84 were $5,812(000).
(4) Alaska, Puerto Rico, and the Virgin Islands did not participate in the Refugee Resettlement Program in FY 1984.

IX. A. FY 85 RECIPIENT CHARACTERISTICS
13.814 REFUGEE RESETTLEMENT PROGRAM

		All Persons	(1)
United States		370,211	
Alabama		814	
Alaska	(2)		
Arizona		1,072	
Arkansas		486	
California		165,283	
Colorado		2,321	
Connecticut		2,757	
Delaware		229	
D. C.		626	
Florida		13,461	
Georgia		2,767	
Hawaii		2,074	
Idaho		893	
Illinois		12,787	
Indiana		938	
Iowa		2,688	
Kansas		5,863	
Kentucky		952	
Louisiana		3,274	
Maine		1,486	
Maryland		4,257	
Massachusetts		20,069	
Michigan		4,918	
Minnesota		10,899	
Mississippi		319	
Missouri		3,116	
Montana		172	
Nebraska		768	
Nevada		772	
New Hampshire		396	
New Jersey		4,843	
New Mexico		692	
New York		17,670	
N. Carolina		1,471	
N. Dakota		412	
Ohio		5,713	
Oklahoma		1,769	
Oregon		7,035	
Pennsylvania		12,426	
Rhode Island		4,359	
S. Carolina		462	
S. Dakota		293	
Tennessee		2,030	
Texas		13,279	
Utah		2,726	
Vermont		313	
Virginia		8,591	
Washington		16,660	
W. Virginia		22	
Wisconsin		2,947	
Wyoming		9	
Guam		32	
Puerto Rico	(2)		
Virgin Islands	(2)		

Data Sources: Office of Refugee Resettlement (ORR) Quarterly
Performance Reports (QPR - Form ORR-6)
Internal ORR documents

(1) Based on mean monthly caseload.
(2) Alaska, Puerto Rico and the Virgin Islands did not participate in the Refugee Resettlement Program in FY 1985.

IX. B. FY 84 RECIPIENT CHARACTERISTICS
13.814 REFUGEE RESETTLEMENT PROGRAM

		All Persons	(1)
United States		447,576	
Alabama		833	
Alaska	(2)		
Arizona		1,167	
Arkansas		548	
California		210,937	
Colorado		2,952	
Connecticut		3,343	
Delaware		124	
D. C.		580	
Florida		14,501	
Georgia		2,509	
Hawaii		3,051	
Idaho		804	
Illinois		15,784	
Indiana		1,156	
Iowa		3,183	
Kansas		6,778	
Kentucky		977	
Louisiana		4,106	
Maine		1,300	
Maryland		5,007	
Massachusetts		19,201	
Michigan		6,158	
Minnesota		12,696	
Mississippi		767	
Missouri		3,666	
Montana		235	
Nebraska		1,173	
Nevada		811	
New Hampshire		383	
New Jersey		5,185	
New Mexico		989	
New York		22,814	
N. Carolina		1,852	
N. Dakota		348	
Ohio		4,946	
Oklahoma		2,170	
Oregon		10,256	
Pennsylvania		15,701	
Rhode Island		4,885	
S. Carolina		537	
S. Dakota		337	
Tennessee		2,098	
Texas		14,893	
Utah		3,337	
Vermont		317	
Virginia		10,587	
Washington		17,513	
W. Virginia		42	
Wisconsin		3,983	
Wyoming		26	
Guam		30	
Puerto Rico	(2)		
Virgin Islands	(2)		

Data Sources: Office of Refugee Resettlement (ORR) Quarterly
Performance Reports (QPR - Form ORR-6)
Inernal ORR documents

(1) Based on mean monthly caseload.
(2) Alaska, Puerto Rico and the Virgin Islands did not particpate in the Refugee Resettlement Program in FY 1984.

X. A MEAN FY 85 COSTS PER UNIT SERVED (1)
13.814 REFUGEE RESETTLEMENT PROGRAM

		Benefits	Administration	Total
United States		$1,045	$222	$1,267
Alabama		$958	$237	$1,195
Alaska	(2)			
Arizona		$2,104	$681	$2,785
Arkansas		$531	$333	$864
California		$964	$171	$1,135
Colorado		$1,462	$512	$1,974
Connecticut		$1,288	$273	$1,561
Delaware		$61	$148	$209
D. C.		$2,658	$4,428	$7,086
Florida		$1,559	$340	$1,899
Georgia		$889	$1,215	$2,104
Hawaii		$1,257	$167	$1,424
Idaho		$739	$543	$1,282
Illinois		$1,279	$265	$1,544
Indiana		$667	$48	$715
Iowa		$1,409	$214	$1,623
Kansas		$626	$145	$771
Kentucky		$660	$92	$752
Louisiana		$863	$174	$1,037
Maine		$639	$178	$817
Maryland		$821	$231	$1,052
Massachusetts		$845	$189	$1,034
Michigan		$398	$576	$974
Minnesota		$1,233	$263	$1,496
Mississippi		$2,245	$197	$2,442
Missouri		$741	$100	$841
Montana		$1,134	$326	$1,460
Nebraksa		$609	$280	$889
Nevada		$665	$202	$867
New Hampshire		$1,227	$141	$1,368
New Jersey		$1,055	$220	$1,275
New Mexico		$562	$116	$678
New York		$2,141	$283	$2,424
N. Carolina		$972	$253	$1,225
N. Dakota		$1,172	$269	$1,441
Ohio		$762	$94	$856
Oklahoma		$863	$171	$1,034
Oregon		$1,504	$501	$2,005
Pennsylvania		$678	$60	$738
Rhode Island		$660	$252	$912
S. Carolina		$1,026	$141	$1,167
S. Dakota		$765	$126	$891
Tennessee		$582	$65	$647
Texas		$700	$174	$874
Utah		$909	$282	$1,191
Vermont		$1,633	$246	$1,879
Virginia		$1,105	$192	$1,297
Washington		$1,184	$211	$1,395
W. Virginia		$1,136	$3,136	$4,272
Wisconsin		$1,076	$273	$1,349
Wyoming		$4,778	$6,111	$10,889
Guam		$781	$500	$1,281
Puerto Rico	(2)			
Virgin Islands	(2)			

Data Sources: The Budget of the United States Government - Fiscal
Year 1987 - Appendix
Justification of Appropriation Estimates for Committee
on Appropriations - Fiscal Year 1987
Office of Refugee Resettlement (ORR) Quarterly
Performance Reports (QPR - Form ORR-6)
Internal ORR papers

(1) Based on mean monthly caseload.
(2) Alaska, Puerto Rico, and the Virgin Islands did not participate in the Refugee Resettlement Program in FY 1985.

X. B. MEAN FY 84 COSTS PER UNIT SERVED (1)
13.814 REFUGEE RESETTLMENT PROGRAM

		Benefits	Administration	Total
United States		$912	$184	$1,096
Alabama		$537	$239	$776
Alaska	(2)			
Arizona		$2,148	$371	$2,519
Arkansas		$436	$526	$962
California		$828	$108	$936
Colorado		$1,125	$389	$1,514
Connecticut		$1,068	$148	$1,216
Delaware		$589	$500	$1,089
D. C.		$6,028	$1,391	$7,419
Florida		$2,044	$999	$3,043
Georgia		$1,043	$1,229	$2,272
Hawaii		$1,054	$289	$1,343
Idaho		$400	$461	$861
Illinois		$996	$253	$1,249
Indiana		$570	$22	$592
Iowa		$1,240	$175	$1,415
Kansas		$517	$85	$602
Kentucky		$755	$90	$845
Louisiana		$607	$135	$742
Maine		$632	$105	$737
Maryland		$830	$119	$949
Massachusetts		$687	$151	$838
Michigan		$1,201	$203	$1,404
Minnesota		$923	$197	$1,120
Mississippi		$542	$110	$652
Missouri		$664	$100	$764
Montana		$2,209	$668	$2,877
Nebraksa		$703	$173	$876
Nevada		$777	$128	$905
New Hampshire		$1,567	$170	$1,737
New Jersey		$1,083	$196	$1,279
New Mexico		$918	$107	$1,025
New York		$1,195	$169	$1,364
N. Carolina		$761	$206	$967
N. Dakota		$2,055	$540	$2,595
Ohio		$658	$90	$748
Oklahoma		$763	$136	$899
Oregon		$853	$309	$1,162
Pennsylvania		$735	$67	$802
Rhode Island		$533	$218	$751
S. Carolina		$1,112	$102	$1,214
S. Dakota		$830	$36	$866
Tennessee		$550	$82	$632
Texas		$785	$206	$991
Utah		$930	$268	$1,198
Vermont		$1,962	$315	$2,277
Virginia		$927	$186	$1,113
Washington		$1,083	$232	$1,315
W. Virginia		$1,000	$2,000	$3,000
Wisconsin		$914	$318	$1,232
Wyoming		$4,308	$962	$5,270
Guam		$667	$500	$1,167
Puerto Rico	(2)			
Virgin Islands	(2)			

Data Sources: The Budget of the United States Government - Fiscal Year 1986 - Appendix
Justification of Appropriation Estimates for Committee on Appropriations - Fiscal Year 1986
Office of Refugee Resettlement (ORR) Quarterly Performance Reports (QPR - Form ORR-6)
Internal ORR papers

(1) Based on mean monthly caseload.
(2) Alaska, Puerto Rico, and the Virgin Islands did not participate in the Refugee Resettlement Program in FY 1984.

XI. HISTORICAL DATA (Dollars in thousands)
13.814 REFUGEE RESETTLEMENT PROGRAM

Federal Fiscal Year		Total Federal Outlays		Persons Served	(1)	Federal Staff
1985		$436,006		370,000		84
1984		$595,720		448,000		88
1983		$517,777		482,000		90
1982		$1,004,997		658,000		102
1981		$720,549		619,000		728
1980		$364,507		520,000		135
1979		$138,561		253,000		60
1978		$140,895		211,000		67
1977		$170,566		200,000		88
1976		$171,825		167,000		90
1975		$86,556		106,000		42
1974		$106,179		155,000		52
1973		$133,377		217,000		80
1972		$126,720		212,000		136
1971		$107,530		186,000		170
1970		$81,578		163,000		171
1969		$66,145		136,000		165
1968		$53,019		109,000		162
1967		$39,479		89,000		156
1966		$28,209		65,000		124
1965		$31,383		61,000		89
1964		$41,578		78,000		106
1963		$55,068	(2)			
1962		$37,764	(2)			
1961		$3,869	(2)			
1960	(3)					

Data Sources: The Budget of the United States Government - Appendix - Various editions
Justification of Appropriation Estimates for Committee on Appropriations - Various editions
Office of Refugee Resettlement (ORR) Quarterly Performance Reports (QPR- Form ORR-6)
Internal ORR papers

(1) Based on mean monthly caseload.
(2) Data for FY 1961-63 are obligations.
(3) The Cuban Refugee Program began during FY 1960, but costs for the program were reported beginning with 1961 only.

EMERGENCY ASSISTANCE TO NEEDY FAMILIES WITH CHILDREN

I. PROGRAM SUMMARY

The Emergency Assistance (EA) program provides immediate, temporary assistance to needy families with children to prevent destitution and to provide living arrangements in emergency situations. As an optional program, the scope of Emergency Assistance is largely determined by each of the participating states and territories. The local AFDC agency, the county welfare office, usually serves as the contact point for applicants in need.

In FY 1985, the annual cost of Emergency Assistance was about $157 million and the average monthly caseload was 33,900 families. The Emergency Assistance program is 50 percent federally-funded through open-ended matching with state funds.

The only federal income eligibility criterion is that a family with children have no immediately accessible resources sufficient to meet the emergency. States typically set income limits equal to their AFDC standard, and require that any assets held be used to meet the emergency. In addition, a determination showing that the need did not result from a refusal without good cause to accept employment or job training is required. The emergencies covered may include natural disasters, evictions and foreclosures, and crises threatening the family.

Benefits are determined by each state and may take the form of cash, vendor payments, medical aid, in-kind benefits, or services such as information, referrals, and counseling. Whatever benefits are provided must, under federal rules, be available to all similarly situated families statewide.

The Emergency Assistance program is designed to help families cope with emergencies and thus is specifically authorized to respond more quickly than other public assistance programs. Under federal rules, however, Emergency Assistance benefits to the same family may be authorized during only one period of 30 consecutive days in any 12 consecutive months.

II. ADMINISTRATION

A. Program name: Emergency Assistance to Needy Families with Children.

B. Catalog of Federal Domestic Assistance No.: 13.808
Budget account number(s): 75-0412-0-1-609.

C. Current authorizing statute: Title IV-A of the Social Security Act, 42 U.S.C 606(e)(1) and 603(a)(5).

D. Location of program regulations in the Code of Federal Regulations: 45 CFR 233.120.

E. Federal administering agency: Office of Family Assistance, Family Support Administration, Department of Health and Human Services.

F. Primary grantee (if any) receiving program funds to provide benefits: States.

G. Subgrantee (if any) receiving program funds to provide benefits: Counties.

H. Allocation of federal funds.

Under this optional program (now operated in 28 jurisdictions), the federal government provides open-ended matching of states' Emergency Assistance program and administrative expenditures at 50 percent.

I. Role of state and local governments in administering the program.

The Emergency Assistance program is a state-administered program operated under broad federal guidelines and program requirements. To receive federal funding for the Emergency Assistance program, a state must enter into an agreement, through a state plan, with the federal government. In the provisions of its plan, a state must:

- Use the state agency which administers AFDC to supervise or administer the plan;
- Ensure that the plan is in effect in all political subdivisions of the state;
- Provide for financial participation under which the states pay 50 percent of administrative and program costs;
- Assure that the program's administration is in conformance with all federal statutes and regulations.

States have wide flexibility to determine eligibility, determine which emergencies qualify for assistance, and establish assistance levels.

A state may elect to administer its Aid to Families with Dependent Children (AFDC) program centrally (state administered) or to have the program administered locally (state supervised). The same system used for AFDC must also be used for Emergency Assistance. The state agency is responsible for issuing regulations, and for promulgating procedures which are consistent with federal regulations. It establishes the standards for operating the Emergency Assistance program and monitoring its operation.

Whether the Emergency Assistance program is state administered or state supervised, the local agency administrator is responsible for establishing and maintaining administrative practices consistent with state regulations. The local agency is the contact point for the applicant in need.

J. Audit or quality control.

Standards for Emergency Assistance administrative cost efficiency have not been established. The legislative history specifies that the Emergency Assistance program is intended to provide a quick, temporary response to help families deal with emergencies. As a result, states are given wide flexibility in determining the parameters of the program and in administering the program. Administrative efficiency standards could interfere with the states' ability to respond timely in emergency situations. However, the Emergency Assistance program is subject to audit, financial management, and program reviews.

With respect to audits, the Single Audit Act of 1984 requires that entities receiving federal financial assistance have an audit performed by an independent or state auditor annually. The Emergency Assistance program is covered under these audits.

The Office of Family Assistance regularly conducts both financial management reviews and regional program reviews. Financial management staff perform an on-site quarterly review of Emergency Assistance expenditures by state agencies. Also, the regional staff of the Office of Family Assistance conduct program reviews. These are on-site, in-depth reviews of a state's Emergency Assistance program. In these program reviews, regional staff examine a sample of Emergency Assistance cases for compliance with applicable regulations, policy, and state plan material. In addition, the regional staff ensure that the state's Emergency Assistance program comports with federal requirements.

The Office of Family Assistance disallowed $266,766 in states' Emergency Assistance expenditures in fiscal year 1985. These expenditures were determined to be not in accordance with law or regulations, or necessary supporting materials were unavailable.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The purpose of the program is to help states (which choose to do so) provide immediate, temporary assistance to needy families with children in order to prevent destitution and to provide living arrangements in emergency situations. Eligible families must be without resources immediately accessible to meet their needs.

B. Allocation of program funds among activities.

There are no federal requirements regarding allocation of program funds. Federal financial participation is provided at the rate of 50 percent for both program costs and administrative costs which the Secretary considers appropriate for the proper and efficient administration of the program. There is no limit on available federal funding.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Benefits may be provided to needy families with children. However, unlike the AFDC program, which also serves similar families with children, the children need not be deprived of a parent's support or care, and children can be up to the age of 21.

B. Income eligibility standards.

No income limits or guidelines are federally established. States establish income limits. They need not conform with AFDC rules. The only federal fiscal eligibility criterion is that there be no immediately accessible resources sufficient to meet the emergency. Many states set their income limit equal to their AFDC need standard.

No rules for disregards, deductions, or discounts from gross earned or unearned income are federally established. If any are set, states establish them. They need not conform with AFDC rules. Typically, states use either a flat disregard for work expenses (e.g., $75 per month) or "reasonable, necessary" expenses.

No limits on assets (including exemptions) are federally established. States establish limits on assets and resources.

Typically, most states require that any assets held be used to meet the emergency.

C. Other eligibility requirements.

Emergency Assistance is available to a child who lives in a home with certain close relative(s) or has done so within the prior six months. States may exclude those who had an ability to plan for the emergency, but failed to do so.

There are no work or job search requirements, although the need for assistance must not be a result of a family member's refusal without good cause to accept employment or training.

D. Other income a recipient unit is required or expected to spend to receive benefits.

States may require that the applicant's available resources, such as cash or other immediately available or readily convertible assets, be used to meet as much of the emergency as those resources cover, with the state covering the rest.

V. BENEFITS AND SERVICES

A. Program intake processes.

Application is voluntary. This may result from a personal inquiry or by referral within the welfare agency or by a third party such as the Red Cross, the housing department, or local police.

B. Program benefits or services.

There are no specific federal requirements regarding the types of needs for which states must provide under the program, except that coverage must be statewide. States may determine whether to include migrant workers. States are free to determine which needs will be included and the amount of payment. Examples of needs that may be covered include: clothing, food, medical care, appliance repair, temporary shelter, and avoidance of utility shut-offs.

Benefits may be provided in the form of cash assistance, vendor payments, in-kind services, or services such as information, referral, and counseling. States must have a reasonable method for determining the value of goods in-kind or services provided under this program.

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As established in the state plan, states determine the level of assistance and may cover the entire cost or a portion of the cost of needed assistance.

C. Duration of benefits.

The Emergency Assistance program is temporary by design, and services are provided on a short-term basis. States can authorize assistance during one period of 30 consecutive days in any 12 consecutive months.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility.

In some states, AFDC recipients facing an identified emergency may be automatically eligible for Emergency Assistance benefits. Data on other linkages between Emergency Assistance and public programs is scarce, because reporting requirements for the Emergency Assistance program have been kept to a minimum to ensure states' ability to respond quickly to emergencies and to minimize the administrative burden on the states.

B. Counting assistance from other programs.

The level of cash income from any source, including AFDC, can be considered in determining eligibility, consistent with state rules.

C. Overlapping authorities and benefits.

Other federal and federally supported programs, such as Food Stamps, the Low Income Home Energy Assistance Program, and the Emergency Food and Shelter Program provide similar benefits to needy families. Emergency Assistance is normally provided under special emergency circumstances, when routine program benefits might not be available on a timely basis.

States may use the AFDC special needs provisions to cover some emergency needs of eligible families in the same way that Emergency Assistance covers emergency needs. However, the state chooses whether the emergency needs of AFDC applicant and recipient families will be met as special needs or under the Emergency Assistance program. Special needs are available under AFDC in any month the family has that need while Emergency Assistance may be provided to a family only once a year.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Finance
    Subcommittee on Social Security and Income Maintenance Programs

House of Representatives

Committee on Ways and Means Committee
    Subcommittee on Public Assistance and Unemployment Compensation

B. Appropriating subcommittees.

Senate

Subcommittee on Labor, Health and Human Services, Education and Related Agencies

House of Representatives

Subcommittee on Labor, Health and Human Services, Education and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

House of Representatives

Committee on Government Operations
    Subcommittee on Intergovernmental Relations and Human Resources

D. Federal legislation.

EA was added to Title IV-A in 1967 to help states that wish to do so to provide temporary, immediate help to needy families with children. The only legislative change affecting the Emergency Assistance program since then was a reduction in the matching rate for services from 75 to 50 percent in 1973.

E. Major federal implementing regulations and regulatory changes.

There have been no changes to the regulation other than the change in the matching rate from 75 percent to 50 percent.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (in thousands)
13.808 EMERGENCY ASSISTANCE TO NEEDY FAMILIES WITH CHILDREN

	BENEFITS (1)			
	Federal	State-local	Total	(2)
United States	$78,567	$78,567	$157,133	
Alabama	$0	$0	$0	
Alaska	$0	$0	$0	
Arizona	$0	$0	$0	
Arkansas	$29	$29	$58	
California	$20,777	$20,777	$41,554	
Colorado	$0	$0	$0	
Connecticut	$0	$0	$0	
Delaware	$116	$116	$232	
D. C.	$1,190	$1,190	$2,381	
Florida	$0	$0	$0	
Georgia	$3,703	$3,703	$7,405	
Hawaii	$0	$0	$0	
Idaho	$0	$0	$0	
Illinois	$1,148	$1,148	$2,295	
Indiana	$0	$0	$0	
Iowa	$0	$0	$0	
Kansas	$197	$197	$394	
Kentucky	$0	$0	$0	
Louisiana	$0	$0	$0	
Maine	$503	$503	$1,007	
Maryland	$2,109	$2,109	$4,218	
Massachusetts	$7,420	$7,420	$14,840	
Michigan	$5,034	$5,034	$10,067	
Minnesota	$2,812	$2,812	$5,624	
Mississippi	$0	$0	$0	
Missouri	$0	$0	$0	
Montana	$193	$193	$386	
Nebraska	$323	$323	$646	
Nevada	$0	$0	$0	
New Hampshire	$0	$0	$0	
New Jersey	$2,047	$2,047	$4,094	
New Mexico	$0	$0	$0	
New York	$18,771	$18,771	$37,543	
N. Carolina	$0	$0	$0	
N. Dakota	$0	$0	$0	
Ohio	$5,889	$5,889	$11,778	
Oklahoma	$1,274	$1,274	$2,548	
Oregon	$1,708	$1,708	$3,415	
Pennsylvania	$46	$46	$92	
Rhode Island	$0	$0	$0	
S. Carolina	$0	$0	$0	
S. Dakota	$0	$0	$0	
Tennessee	$0	$0	$0	
Texas	$0	$0	$0	
Utah	$0	$0	$0	
Vermont	$182	$182	$364	
Virginia	$31	$31	$63	
Washington	$1,519	$1,519	$3,037	
W. Virginia	$761	$761	$1,521	
Wisconsin	$98	$98	$197	
Wyoming	$564	$564	$1,129	
Guam	$0	$0	$0	
Puerto Rico	$123	$123	$247	
Virgin Islands	$0	$0	$0	

Data Sources: State Expenditure Reports - SSA-41.

(1) Emergency Assistance benefits are payable to eligible recipients under Section 403(a)(5) of the Social Security Act. EA benefits include cash assistance, in-kind benefits, and services.
(2) Administrative costs for EA are included on AFDC tables.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands)
13.808 EMERGENCY ASSISTANCE TO NEEDY FAMILIES WITH CHILDREN

	BENEFITS (1)			
	Federal	State-local	Total	(2)
United States	$65,791	$65,791	$131,582	
Alabama	$0	$0	$0	
Alaska	$0	$0	$0	
Arizona	$0	$0	$0	
Arkansas	$29	$29	$58	
California	$16,625	$16,625	$33,250	
Colorado	$0	$0	$0	
Connecticut	$0	$0	$0	
Delaware	$132	$132	$265	
D. C.	$1,653	$1,653	$3,307	
Florida	$0	$0	$0	
Georgia	$208	$208	$416	
Hawaii	$0	$0	$0	
Idaho	$0	$0	$0	
Illinois	$947	$947	$1,893	
Indiana	$0	$0	$0	
Iowa	$0	$0	$0	
Kansas	$184	$184	$367	
Kentucky	$0	$0	$0	
Louisiana	$0	$0	$0	
Maine	$570	$570	$1,140	
Maryland	$2,218	$2,218	$4,436	
Massachusetts	$6,001	$6,001	$12,001	
Michigan	$4,468	$4,468	$8,937	
Minnesota	$1,888	$1,888	$3,777	
Mississippi	$0	$0	$0	
Missouri	$0	$0	$0	
Montana	$95	$95	$190	
Nebraska	$232	$232	$464	
Nevada	$0	$0	$0	
New Hampshire	$0	$0	$0	
New Jersey	$1,949	$1,949	$3,899	
New Mexico	$0	$0	$0	
New York	$16,178	$16,178	$32,357	
N. Carolina	$0	$0	$0	
N. Dakota	$0	$0	$0	
Ohio	$6,017	$6,017	$12,033	
Oklahoma	$1,210	$1,210	$2,419	
Oregon	$1,257	$1,257	$2,513	
Pennsylvania	$50	$50	$99	
Rhode Island	$0	$0	$0	
S. Carolina	$0	$0	$0	
S. Dakota	$0	$0	$0	
Tennessee	$0	$0	$0	
Texas	$0	$0	$0	
Utah	$0	$0	$0	
Vermont	$307	$307	$614	
Virginia	$36	$36	$72	
Washington	$2,125	$2,125	$4,250	
W. Virginia	$712	$712	$1,423	
Wisconsin	$92	$92	$184	
Wyoming	$481	$481	$962	
Guam	$0	$0	$0	
Puerto Rico	$128	$128	$255	
Virgin Islands	$0	$0	$0	

Data Sources: State Expenditure Reports SSA-41.

(1) Emergency Assistance benefits are payable to eligible recipients under Section 403(a)(5) of the Social Security Act. EA benefits include cash assistance, in-kind benefits, and services.
(2) Administrative costs for EA are included on AFDC tables.

IX. A. FY 85 RECIPIENT CHARACTERISTICS
18.808 EMERGENCY ASSISTANCE TO NEEDY FAMILIES WITH CHILDREN

	Families Served (1)
United States	406,400
Alabama	0
Alaska	0
Arizona	0
Arkansas	575
California	8,806
Colorado	0
Connecticut	0
Delaware	2,332
D. C.	11,615
Florida	0
Georgia	10,247
Hawaii	0
Idaho	0
Illinois	13,928
Indiana	0
Iowa	0
Kansas	1,902
Kentucky	0
Louisiana	0
Maine	3,642
Maryland	37,808
Massachusetts	55,003
Michigan	50,526
Minnesota	13,974
Mississippi	0
Missouri	0
Montana	862
Nebraska	2,166
Nevada	0
New Hampshire	0
New Jersey	7,215
New Mexico	0
New York	53,672
N. Carolina	0
N. Dakota	0
Ohio	60,440
Oklahoma	9,639
Oregon	15,741
Pennsylvania	388
Rhode Island	0
S. Carolina	0
S. Dakota	0
Tennessee	0
Texas	0
Utah	0
Vermont	3,618
Virginia	213
Washington	8,721
W. Virginia	14,425
Wisconsin	523
Wyoming	5,590
Guam	0
Puerto Rico	12,829
Virgin Islands	0

Data Sources: State data provided on Form SSA-3637.

(1) Based on mean monthly caseload times twelve. A family may receive EA only once in a year.

IX. B. FY 84 RECIPIENT CHARACTERISTICS
13.808 EMERGENCY ASSISTANCE TO NEEDY FAMILIES WITH CHILDREN

	Families Served (1)
United States	364,662
Alabama	0
Alaska	0
Arizona	0
Arkansas	1,555
California	9,912
Colorado	0
Connecticut	0
Delaware	2,756
D. C.	11,578
Florida	0
Georgia	2,254
Hawaii	0
Idaho	0
Illinois	11,450
Indiana	0
Iowa	0
Kansas	1,864
Kentucky	0
Louisiana	0
Maine	3,834
Maryland	22,692
Massachusetts	52,253
Michigan	48,544
Minnesota	11,053
Mississippi	0
Missouri	0
Montana	456
Nebraska	1,708
Nevada	0
New Hampshire	0
New Jersey	7,577
New Mexico	0
New York	41,763
N. Carolina	0
N. Dakota	0
Ohio	58,299
Oklahoma	9,343
Oregon	12,923
Pennsylvania	508
Rhode Island	0
S. Carolina	0
S. Dakota	0
Tennessee	0
Texas	0
Utah	0
Vermont	5,606
Virginia	246
Washington	14,762
W. Virginia	14,151
Wisconsin	432
Wyoming	4,533
Guam	0
Puerto Rico	12,597
Virgin Islands	0

Data Sources: State data provided on Form SSA-3637.

(1) Based on mean monthly caseload times twelve. A family may receive EA only once in a year.

X. A. MEAN FY 85 COSTS PER UNIT SERVED (1)
13.808 EMERGENCY ASSISTANCE TO NEEDY FAMILIES WITH CHILDREN

	Benefits
United States	$387
Alabama	$0
Alaska	$0
Arizona	$0
Arkansas	$101
California	$4,719
Colorado	$0
Connecticut	$0
Delaware	$100
D. C.	$205
Florida	$0
Georgia	$723
Hawaii	$0
Idaho	$0
Illinois	$165
Indiana	$0
Iowa	$0
Kansas	$207
Kentucky	$0
Louisiana	$0
Maine	$276
Maryland	$112
Massachusetts	$270
Michigan	$199
Minnesota	$402
Mississippi	$0
Missouri	$0
Montana	$447
Nebraksa	$298
Nevada	$0
New Hampshire	$0
New Jersey	$567
New Mexico	$0
New York	$699
North Carolina	$0
North Dakota	$0
Ohio	$195
Oklahoma	$264
Oregon	$217
Pennsylvania	$236
Rhode Island	$0
S. Carolina	$0
S. Dakota	$0
Tennessee	$0
Texas	$0
Utah	$0
Vermont	$101
Virginia	$294
Washington	$348
W. Virginia	$105
Wisconsin	$376
Wyoming	$202
Guam	$0
Puerto Rico	$19
Virgin Islands	$0

Data Sources: Unit (case) data-form SSA-3637, Statistical Report on Recipients Under Public Assistance Programs.
Cost data-form SSA-41, Quarterly Statement of Expenditures.

(1) Based on mean monthly caseload. Each family may receive EA only once in a year.

X. B. MEAN FY 84 COSTS PER UNIT SERVED (1)
13.808 EMERGENCY ASSISTANCE TO NEEDY FAMILIES WITH CHILDREN

	Benefits
United States	$361
Alabama	$0
Alaska	$0
Arizona	$0
Arkansas	$38
California	$3,355
Colorado	$0
Connecticut	$0
Delaware	$96
D. C.	$286
Florida	$0
Georgia	$185
Hawaii	$0
Idaho	$0
Illinois	$165
Indiana	$0
Iowa	$0
Kansas	$197
Kentucky	$0
Louisiana	$0
Maine	$297
Maryland	$195
Massachusetts	$230
Michigan	$184
Minnesota	$342
Mississippi	$0
Missouri	$0
Montana	$416
Nebraksa	$271
Nevada	$0
New Hampshire	$0
New Jersey	$515
New Mexico	$0
New York	$775
North Carolina	$0
North Dakota	$0
Ohio	$206
Oklahoma	$259
Oregon	$194
Pennsylvania	$196
Rhode Island	$0
S. Carolina	$0
S. Dakota	$0
Tennessee	$0
Texas	$0
Utah	$0
Vermont	$109
Virginia	$294
Washington	$288
W. Virginia	$101
Wisconsin	$426
Wyoming	$212
Guam	$0
Puerto Rico	$20
Virgin Islands	$0

Data Sources: Unit (case) data-form SSA-3637, Statistical Report on Recipients Under Public Assistance Programs.
Cost data-form SSA-41, Quarterly Statement of Expenditures.

(1) Based on mean monthly caseload. Each family may receive EA only once in a year.

XI. HISTORICAL DATA (Dollars in thousands)
13.808 EMERGENCY ASSISTANCE TO NEEDY FAMILIES WITH CHILDREN

Federal Fiscal Year		Total Federal Obligations	(1)	Total State-Local Spending	(1)	Families Served (2)	(1)
1985		$77,233		$77,233		406,800	
1984		$70,569		$70,569		385,200	
1983		$62,623		$62,623		360,000	
1982		$51,172		$51,172		330,000	
1981		$61,734		$61,734		589,200	
1980		$56,619		$56,619		583,200	
1979		$42,022		$42,022		428,400	
1978		$40,460		$40,460		414,000	
1977		$33,066		$33,066		393,600	
1976		$27,837		$27,837		330,000	
1975		$38,758		$38,758		459,600	
1974		$32,016		$32,016		375,600	
1973		$19,633		$6,544		225,600	
1972		$22,090		$7,363		238,800	
1971		$9,922		$3,307		133,200	
1970		$5,698		$1,899		90,000	
1969	(3)	$3,350		$1,117		90,000	
1968							
1967							
1966							
1965							
1964							
1963							
1962							
1961							
1960							

Data Sources: Obligations: State Expenditure Reports, Form SSA-41.
Units Served: Statistical Report on Recipients Under Public Assistance Programs, Form SSA-3637.

(1) Data here provided for calendar year rather than fiscal year as provided in all other tables. Historical data are only available by calendar year. Number of States with program: 1969-70, 23; 1971, 24; 1972, 27; 1973-75, 29; 1976-78, 26; 1979, 24; 1980-83, 27; 1984, 28; and 1985, 27. State spending estimated based on matching requirements.
(2) Based on mean monthly caseload times twelve. A family may receive EA only once in a year.
(3) Reporting initiated in 1969.

VETERANS PARENT'S COMPENSATION

I. PROGRAM SUMMARY

Under certain circumstances, the Veterans Administration provides cash assistance to the needy parents of veterans whose deaths are service-connected. State and local governments play no role in this program. This program, known as Parent's Dependency and Indemnity Compensation (DIC), makes direct payments to beneficiaries with no restrictions on their use.

Eligibility is limited to the natural, foster, or adopted mother or father of a service person who died either on active duty or due to a service-connected disability. The law also sets income limits that increase at the same time and at the same rate as Social Security benefits to keep pace with the cost-of-living. All earned income counts against the limit; most unearned income counts as well, with certain exclusions for welfare benefits and deductions for unreimbursed medical or burial expenses. In FY 1985, the income limits were $6,493 for a sole surviving parent and $8,731 for a parent living with a spouse.

The actual amount of a parent's DIC cash benefit is the difference between the parent's income (as determined for the income test) and maximum amounts set in the law. The maximums are also indexed to Social Security benefits and increase annually. In 1985, monthly payments ranged from $5 to $266. An additional $145 a month was payable if the parent needed the regular aid and attendance of another person due to disability. In FY 1985, about 43,750 parents received DIC cash benefits totalling about $89 million.

Until recently, DIC eligibility and benefits were based to a large degree on self-reported income. Recently, however, routine and recurring data matches have been instituted between the Veterans Administration and various other federal and state agencies to verify the accuracy of certain types of income reported by beneficiaries.

II. ADMINISTRATION

A. Program name: Veterans Parent's Compensation.

B. Catalog of Federal Domestic Assistance No.: 64.110
Budget account number(s): 36-0153-0-1-701.

C. Current authorizing statute: 38 U.S.C. 410 and 415.

D. Location of program regulations in the Code of Federal Regulations: Title 38.

E. Federal administering agency: Department of Veterans Benefits, Veterans Administration.

F. Primary grantee (if any) receiving program funds to provide benefits: None.

G. Subgrantee (if any) receiving program funds to provide benefits: None.

H. Allocation of federal funds.

The VA makes direct monetary payments to eligible beneficiaries.

I. Role of state and local governments in administering program. None.

J. Audit or quality control.

The Veterans Administration Adjudication Division judges the performance of VA claims examining operation. These standards, which evaluate the timeliness and accuracy with which monetary benefit claims are handled, make no distinction between parent's DIC claims and claims for other types of VA benefits. Thus, there is no data on administrative errors attributable solely to the parent's DIC program.

A 1977-78 study involving 16 percent of all pension and parent's DIC beneficiaries showed that 74 percent of those in the study correctly reported their income and were receiving the proper amount of parent's DIC. Of the 26 percent who are being paid an improper rate, 10 percent were overpaid. The remaining 16 percent were entitled to greater VA benefits than they were actually receiving.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The objective of the parent's DIC program is to provide monetary assistance to the needy parent(s) of a service person who died on active duty or of a veteran who died of a service-connected disability.

B. Allocation of program funds among activities.

Direct monetary payments are the only activity.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

The natural, foster, or adopted mother and father of the deceased veteran are eligible for benefits.

B. Income eligibility standards.

Income limits are set by law (38 U.S.C. 415) and are increased consistent with the increase in Social Security benefits (under 42 U.S.C. 401, et. seq.). Increases in limits are effective on the same date as Social Security rate increases (38 U.S.C. 3112(a)). Limits are set based on whether a parent is single or married. If a parent is married and living with his or her spouse, the combined incomes of the parent and spouse are counted in determining net countable income. The income limits for FY 1985 are shown below.

	Sole Surviving Parent	One of Two Surviving Parents
Unmarried or Remarried Not Living With Spouse	$6,493	$6,493
Living With Spouse Or Other Parent	$8,731	$8,731

No disregards, deductions, or discounts from gross earned income are applicable. Earnings are fully countable against the income limit. Increases or decreases in earnings result in smaller or larger (respectively) DIC payment. Earnings in excess of the income limit will result in denial of an application for DIC or termination of a running award, as appropriate.

The law provides for a 10 percent exclusion of retirement benefits. All welfare from public or private sources is excluded. Other income exclusions (e.g., fire insurance proceeds) exist but occur very infrequently.

Income is also reduced by amounts of certain expenses. The most commonly occurring are payment of unreimbursed, unusual medical expenses, and payment of burial expenses, e.g., for the deceased veteran or a spouse.

No assets limit is applied. However, significant productive assets would generate countable income that would tend to reduce benefits to the minimum or disqualify the parent.

C. Other eligibility standards.

The three additional factors for eligibility to parent's DIC are: (1) the veteran must have died while on active duty or of a service-connected disability; (2) there must be documentary evidence of the parental relationship between the claimant and the veteran; and (3) the claimant's marital status must be determined.

To qualify for a higher rate of payment (i.e., aid and attendance status), the beneficiary must be a nursing home patient, or so helpless or blind as to need the regular aid and attendance of another person. The proportion of the 43,965 parents receiving DIC during FY 1984 who were also eligible for aid and attendance status is unknown.

When any individual to or for whom VA parent's DIC is being paid is imprisoned in a federal, state, or local penal institution as the result of conviction for a felony, the parent's DIC must be discontinued effective the 61st day of imprisonment following conviction.

D. Other income a recipient unit is required or expected to spend to receive benefits.

None.

V. BENEFITS AND SERVICES

A. Program intake processes.

Claimants must file a voluntary application, in person or by mail, with one of the 58 regional offices of the Veterans Administration. Once granted parent's DIC, recipients are required to file eligibility verification reports annually and to report all changes in marital/dependency status and income or net worth as they occur. Adjudication personnel in the regional office of jurisdiction (usually in the recipient's state of residence) screen these reports. All claims processing is done in the VA regional offices.

B. Program benefits or services.

Benefits are in the form of monthly monetary payments. Parent's DIC payments are made directly to the eligible beneficiary with no restriction on their use.

Maximum rates were established by Congress in 1978 (Pub. L. 95-588) and were indexed to Social Security increases that same year. This includes both the maximum monthly payment rates and the annual income limitations.

Individual rates -- actual payments rates -- are based on the parent's, or parent and spouse's countable income: the VA payments cannot exceed the difference between countable income and the maximum monthly rate.

C. Duration of benefits.

There is no limitation on duration of participation in the program and the VA has no information on the duration of receipt of benefits.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

None.

B. Counting assistance from other programs.

Donations from public or private relief or welfare organizations are fully excludable from countable income. Therefore, changes in assistance from other programs would not affect the parent's DIC benefit.

C. Overlapping authorities and benefits.

Recipients of parent's DIC may apply for any programs available to low income individuals. But, for a variety of reasons, there is little actual overlap of payment under the VA need-based parent's DIC program and other income maintenance programs.

Parent's DIC eligibility is dependent on countable income. Social Security and other earned and unearned federal retirement benefits and annuities are countable, and, hence, reduce eligibility under the VA program (and so are not duplicative). Payments received under public welfare programs (e.g., Supplemental Security Income, Aid to Families with Dependent Children, and other state and local public relief programs) are supplemental in that they require applicants to first exhaust other entitlements, such as DIC, which may greatly restrict their welfare eligibility.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

House of Representatives

Committee on Veterans' Affairs
Subcommittee on Compensation, Pensions, and Insurance

Senate

Committee on Veterans' Affairs (no subcommittee)

B. Appropriating subcommittees.

House of Representatives

Subcommittee on HUD - Independent Agencies

Senate

Subcommittee on HUD - Independent Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

The DIC program was first authorized by Pub. L. 881, effective January 1, 1957. The program superseded the death compensation program, which now applies only to deaths that occurred before 1957. Whereas the death compensation program authorized the same rates of payment to all financially dependent surviving parents, the DIC program authorized payments at different rates depending upon a parent's countable income. Death compensation recipients were permitted to opt into the DIC program, which paid higher rates to those in the lower income brackets.

Between 1957 and 1978, legislated program amendments were basically of two types. The first involved statutory cost-of-living adjustments to the rates. The second was a gradual expansion of the statutory exclusions from countable income. The original DIC act authorized exclusions for 6-month military death gratuity, public or private relief, other DIC payments, VA death or disability compensation, lump-sum Social Security death payments, and payments for unusual medical expenditures. By 1978, through a variety of enactments, the list of exclusions had grown to its current length. (See 38 U.S.C. 415(f)(1)).

E. Major federal implementing regulations and regulatory changes.

The implementing federal regulations for the predecessor program, death compensation, and the DIC program for parents are found at 38 CFR 3.250 - 3.270. For death compensation these specify that financial dependency will be conclusively presumed for parents whose monthly incomes do not exceed specified amounts ($400 a month for a mother or father living alone, or $660 a month for a couple living together, with an increase of $185 for additional family members). If incomes exceed those amounts, financial dependency is determined on a case-by-case basis, for which the standard essentially is whether there is income sufficient to provide "reasonable maintenance." The income levels at which dependency is presumed have been adjusted upward periodically as the cost of living has risen.

XI. HISTORICAL DATA (Dollars in thousands)
64.105 VETERANS PARENTS COMPENSATION

Federal Fiscal Year	Total Federal Outlays	Persons Served
1985	$89,000	43,758
1984	$90,000	46,206
1983	$91,000	49,100
1982	$92,000	49,700
1981	$100,000	56,200
1980	$102,000	59,400
1979	$99,000	62,400
1978	$99,000	66,200
1977	$99,000	68,400
1976	$98,000	69,900
1975	$97,000	71,500
1974	$95,000	73,100
1973	$95,000	75,700
1972	$95,000	76,700
1971	$90,000	75,200
1970	$82,000	70,900
1969	$74,000	63,600
1968	$62,000	58,100
1967	$56,000	53,000
1966	$50,000	48,000
1965	$45,000	43,000
1964	$41,000	38,000
1963	$39,000	36,000
1962	$39,000	36,500
1961	$40,000	36,500
1960	$40,000	36,800

Data Sources: Estimates based on caseload data and average awards.

ADOPTION ASSISTANCE

I. PROGRAM SUMMARY

The Title IV-E Adoption Assistance program helps to reduce disincentives to the adoption of low income children with special needs. An authorized entitlement program, Adoption Assistance operates under federal guidelines and states administer or supervise local administration of the program. Private nonprofit organizations are active at the local level of the program through agreements with the administering state agency.

In an average month in FY 1985, Adoption Assistance served about 16,100 children with total annual federal expenditures of about $37 million and state/local expenditures of about $34 million. The federal share of Adoption Assistance costs is determined under the Medicaid matching formula: the federal share is 55 percent in a state with average per capita income; in other states, the federal share ranges from 50 to 83 percent, with the share inversely related to per capita income.

Adoption assistance is available to parents who adopt a child eligible for AFDC or SSI who has been determined by the state to be a child with "special needs," such as age, member of a minority or sibling group, medical conditions, or physical, mental or emotional handicaps, and who the state has been unable to place without a subsidy. While eligibility prior to adoption requires that a child be AFDC or SSI eligible, once adopted, the child does not have to continue to meet that criterion to remain eligible for adoption assistance.

After adoption, there are no means-tests for either the child or the adoptive parents, although the needs of the child and the circumstances of the adoptive parents are taken into account. The state Adoption Assistance agency, by agreement with the adoptive parents, decides the amount of the adoption assistance payment. In FY 1985, the average monthly payment was about $283. Under federal rules, the maximum cash benefit cannot exceed what would have been paid to maintain the child in a foster family home. The child is also eligible for Medicaid and any state services funded under the Social Services Block Grant. All Adoption Assistance benefits continue until the child reaches age 18, or, until age 21 if the state determines that the child has a mental or physical handicap that warrants assistance.

The number of children benefiting under the program has grown from about 2,400 children in FY 1982, the first full year of program operations, to more than 16,000 children in FY 1985.

II. ADMINISTRATION

A. Program name: Adoption Assistance.

B. Catalog of Federal Domestic Assistance No.: 13.659
Budget account number(s): 75-1645-1-1-506.

C. Current authorizing statute: 42 USC 670-671 and 673-676.

D. Location of program regulations in the Code of Federal Regulations: 45 CFR Parts 1355 and 1356.

E. Federal administering agency: Administration for Children, Youth and Families, Office of Human Development Services, Department of Health and Human Services.

F. Primary grantee (if any) receiving program funds to provide benefits: States.

G. Subgrantee (if any) receiving program funds to provide benefits: Private nonprofit organizations and other public state and local agencies which have agreements with the administering state agency.

H. Allocation of federal funds.

Federal funding is open-ended under this entitlement program.

There are three match rates:

- Payments are matched at the Federal Medical Assistance Rate, 50 percent to 83 percent, per formula;
- Administrative expenditures are matched at 50 percent;
- Training expenditures are matched at 75 percent.

I. Role of state and local governments in administering the program.

The state agency responsible for administering the Title IV-B Child Welfare services program administers or supervises the administration of the Title IV-E program.

J. Audit or quality control.

There is no error rate determined for the program. However, the Office of Human Development Services conducts reviews of the states' operation of the program to determine which claims are allowable and which are unallowable.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The objective of the Adoption Assistance Program is to reduce disincentives to the adoption of children with special needs, thereby achieving permanency for more children and reducing states' foster care caseloads.

B. Allocation of program funds among activities.

Program funds are allocated for two major activities. First, Adoption Assistance payments are made to the parents to assist in meeting the child's needs in the adoptive home. The amount of the assistance is negotiated prior to finalization of adoption, taking into consideration the needs of the child and the circumstances of the adoptive parents. The assistance payment may never exceed what that child would have received during that period if he or she had been livng in a foster family home.

Second, payments are made for allowable state administrative costs for the administration of the Title IV-E Adoption Assistance Program. Examples of allowable administrative costs include: recruitment of adoptive homes; placement of the child in the adoptive home; case management and supervision prior to finalization of adoption; negotiation and review of adoption assistance agreements; and post-placement management of assistance payments. Effective January 1, 1987, states may also claim federal matching for nonrecurring adoption expenses incurred in the adoption of any child with special needs, regardless of Title IV-E or SSI eligibility.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Individual children.

B. Income eligibility standards.

Maximum income allowable prior to adoption is the same as in the state's Title IV-A AFDC program. Once determined eligible and adoption finalized, there is no income eligibility requirement placed on the child or the adoptive parents.

Adoptive parents of Title IV-E eligible children are not necessarily low income families. The Adoption Assistance Program (unlike AFDC or other programs which supplement family income and resources with standardized payments to meet certain basic economic needs) was intended to assist the adoptive family in various ways to assimilate the adopted child into its existing lifestyle.

Services and benefits to the child after adoption are not directly affected by the income of the family, but are subject to the maximum payment the child would have received in his/her foster family home.

C. Other eligibility requirements.

Adoption Assistance requirements are: be eligible for AFDC at the time of initiation of adoption proceedings or meet the requirement of the Title XVI (SSI) program; be determined by the state to be a child with special needs; a reasonable but unsuccessful effort must have been made to place the child without a subsidy.

D. Other income a recipient unit is required or expected to spend to receive benefits.

None.

V. BENEFITS AND SERVICES

A. Program intake processes.

Referrals to the Title IV-E/IV-B agency are received from other units in that agency, from private agencies, or by voluntary applications.

B. Program benefits or services.

The adoption assistance payment is made in the form of a monthly checks to parents who adopt an child who is eligible for AFDC or SSI and has a special need. The adoption assistance payment is not based upon a standard schedule of itemized needs and countable income and may be spent by the parents to meet the child's needs as they see fit. Medical services are provided through the state's Title XIX Medicaid program and social services under the Social Services Block Grant (SSBG).

The needs of the child and the circumstances of the adoptive parents determine the benefits and services provided, within maximum limits. Individual payments are determined through agreements between the agency and adoptive parents. In some cases, the agreement will provide for Medicaid and social services only, without a money payment.

The adoption assistance payment is limited to the amount the foster care maintenance payment would have been for that child in a foster family home. States are free to determine their own standard of need and rate structure for foster care maintenance payments. In foster care, these payments cover maintenance needs of the child and may include the cost of food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation. Standard rates of foster care payment may be higher for a child with a severe handicap who requires greater supervision or special clothing.

Once a child is adopted, the payment then changes in nature from a maintenance payment to a payment to assist parent(s) who adopt a child with special needs. If that child had been receiving one of the higher foster care payments due to his or her disability, then that child could receive up to, but not in excess of, that amount in adoption assistance.

C. Duration of benefits.

No information is available about average durations of assistance.

Duration of participation is limited to the child's 18th birthday, or to age 21 where the state determines the child has a mental or physical handicap which warrants the continuation of assistance.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility.

Prior to adoption the child must be eligible for AFDC or SSI.

B. Counting assistance from other programs.

Prior to adoption, children must meet income standards of their states' AFDC and Foster Care programs. Typically, such programs count cash income from all sources, but not non-cash benefits.

C. Overlapping authorities and benefits.

It is possible that some adoptive families would be eligible for other types of public assistance; however, adoptive parents in the program are not necessarily of low income. The program is intended to reduce disincentives to the adoption of special needs children, but the adoptive parents need not be low income to adopt a child. Once the child is adopted, his previous relationship to the AFDC program is erased, except for his continuing eligibility for Title XIX medical assistance and Title XX social services.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Finance
  Subcommittee on Social Security and Income Maintenance Programs

House of Representatives

Committee on Ways and Means
  Subcommittee on Public Assistance and Unemployment Compensation

B. Appropriating subcommittees.

Senate

Subcommittee on Labor, Health and Human Services, Education and Related Agencies

House of Representatives

Subcommittee on Labor, Health and Human Services, Education and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

Senate

Committee on Labor and Human Resources

D. Federal legislation.

Pub. L. 99-272 (the Consolidated Omnibus Budget Reconciliation Act of 1985) established Medicaid eligibility for Title IV-E eligible children in the state where they reside. It also made Title XIX (Medicaid) and Title XX (social services) available from the time of adoptive placement when there is an adoption assistance agreement in effect.

E. Major federal implementing regulations and regulatory changes.

The Department published an initial Notice of Proposed Rulemaking to implement the provisions of Pub. L. 96-272, the Adoption Assistance and Child Welfare Act of 1980, on December 31, 1980. Subsequently, the Department determined that a less prescriptive approach to implement the statutory requirements was advisable. Therefore, a second notice was published on July 15, 1982, and the final rule was published May 23, 1983. Final fiscal regulations were published July 15, 1982.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (in thousands)
13.659 ADOPTION ASSISTANCE

	BENEFITS (1)		ADMINISTRATION (2)		"OTHER" Funds Spent Under This Program Authority (3)		
	Federal	State-local	Federal	State-local	Federal	State-local	Total
United States	$28,702	$25,889	$7,976	$7,976	$207	$68	$70,818
Alabama	$121	$47	$0	$0	$0	$0	$168
Alaska	$0	$0	$0	$0	$0	$0	$0
Arizona	$452	$286	$60	$60	$0	$0	$858
Arkansas	$78	$28	$46	$46	$7	$2	$207
California	$1,527	$1,527	$3,885	$3,885	$23	$8	$10,855
Colorado	$69	$69	$0	$0	$0	$0	$138
Connecticut	$123	$123	$0	$0	$0	$0	$246
Delaware	$27	$27	$1	$1	$0	$0	$56
D. C.	$136	$136	$417	$417	$0	$0	$1,106
Florida	$640	$456	$760	$760	$0	$0	$2,616
Georgia	$31	$15	$0	$0	$0	$0	$46
Hawaii	$6	$6	$0	$0	$0	$0	$12
Idaho	$21	$10	$0	$0	$0	$0	$31
Illinois	$993	$993	$537	$537	$0	$0	$3,060
Indiana	$231	$154	$20	$20	$0	$0	$425
Iowa	$166	$135	$0	$0	$0	$0	$301
Kansas	$132	$129	$0	$0	$0	$0	$261
Kentucky	$287	$119	$0	$0	$0	$0	$406
Louisiana	$218	$120	$0	$0	$0	$0	$338
Maine	$220	$91	$0	$0	$0	$0	$311
Maryland	$375	$375	$0	$0	$0	$0	$750
Massachusetts	$492	$489	$0	$0	$0	$0	$981
Michigan	$4,046	$3,934	$0	$0	$0	$0	$7,980
Minnesota	$454	$408	$0	$0	$0	$0	$862
Mississippi	$235	$68	$0	$0	$0	$0	$303
Missouri	$616	$387	$0	$0	$0	$0	$1,003
Montana	$43	$24	$12	$12	$0	$0	$91
Nebraska	$222	$167	$23	$23	$0	$0	$435
Nevada	$10	$10	$4	$4	$0	$0	$28
New Hampshire	$77	$53	$0	$0	$0	$0	$130
New Jersey	$436	$436	$200	$200	$0	$0	$1,272
New Mexico	$139	$61	$0	$0	$0	$0	$200
New York	$12,248	$12,248	$934	$934	$166	$55	$26,585
N. Carolina	$224	$98	$3	$3	$0	$0	$328
N. Dakota	$58	$37	$3	$3	$0	$0	$101
Ohio	$816	$656	$42	$42	$0	$0	$1,556
Oklahoma	$88	$63	$0	$0	$0	$0	$151
Oregon	$56	$42	$0	$0	$0	$0	$98
Pennsylvania	$392	$308	$104	$104	$0	$0	$908
Rhode Island	$145	$104	$0	$0	$0	$0	$249
S. Carolina	$141	$51	$0	$0	$0	$0	$192
S. Dakota	$34	$16	$0	$0	$0	$0	$50
Tennessee	$197	$82	$4	$4	$0	$0	$287
Texas	$317	$266	$546	$546	$9	$3	$1,687
Utah	$41	$17	$42	$42	$1	$0	$143
Vermont	$74	$33	$62	$62	$1	$0	$232
Virginia	$229	$176	$36	$36	$0	$0	$477
Washington	$280	$280	$103	$103	$0	$0	$766
W. Virginia	$91	$38	$0	$0	$0	$0	$129
Wisconsin	$648	$491	$132	$132	$0	$0	$1,403
Wyoming	$0	$0	$0	$0	$0	$0	$0

Data Sources: State expenditure reports.

(1) [475(a)(2) of the Social Security Act, 42 USC 675(4) & 45 CFR 1356.60(a)] Adoption Assistance payments are amounts to cover the cost of agreements between the adoptive parents and the state or local agency administering the program, which shall take into consideration the circumstances of the adopting parents and the needs of the child being adopted. However, this amount may not exceed the Foster Care maintenance payment which would have been paid if the child had been in a foster family home.
(2) [474(a)(3) of the Social Security Act, 42 USC 674(a)(3) & 45 CFR 1356.60(c)] "Funds found necessary by the Secretary for proper and efficient administration of the program." Some states have filed no claims for Adoption Assistance administration because most costs occur before the children are adopted. These costs often are charged to IV-E Foster Care. On the other hand, a few states charge more for administration than for benefits due to high front-end costs, e.g., recruiting adoptive parents.
(3) [474 (a)(3) of the Social Security Act] - Training of staff or persons preparing for employment by the State or local agency.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands)
13.659 ADOPTION ASSISTANCE

	BENEFITS (1)		ADMINISTRATION (2)		"OTHER" Funds Spent Under This Program Authority (3)		
	Federal	State-local	Federal	State-local	Federal	State-local	Total
United States	$20,169	$18,429	$5,361	$5,361	$104	$35	$49,459
Alabama	$83	$32	$0	$0	$0	$0	$115
Alaska	$0	$0	$0	$0	$0	$0	$0
Arizona	$302	$191	$36	$36	$0	$0	$565
Arkansas	$78	$28	$31	$31	$16	$5	$189
California	$650	$650	$3,458	$3,458	$17	$6	$8,239
Colorado	$67	$67	$0	$0	$0	$0	$134
Connecticut	$101	$101	$0	$0	$0	$0	$202
Delaware	$8	$8	$0	$0	$0	$0	$16
D. C.	$87	$87	$82	$82	$0	$0	$338
Florida	$677	$482	$164	$164	$0	$0	$1,487
Georgia	$24	$12	$0	$0	$0	$0	$36
Hawaii	$3	$3	$0	$0	$0	$0	$6
Idaho	$13	$6	$10	$10	$0	$0	$39
Illinois	$637	$637	$121	$121	$0	$0	$1,516
Indiana	$126	$84	$0	$0	$0	$0	$210
Iowa	$120	$97	$0	$0	$0	$0	$217
Kansas	$103	$100	$0	$0	$0	$0	$203
Kentucky	$184	$76	$0	$0	$0	$0	$260
Louisiana	$83	$46	$0	$0	$0	$0	$129
Maine	$96	$40	$0	$0	$0	$0	$136
Maryland	$266	$266	$0	$0	$0	$0	$532
Massachusetts	$358	$356	$0	$0	$0	$0	$714
Michigan	$3,058	$2,974	$0	$0	$0	$0	$6,032
Minnesota	$375	$337	$0	$0	$0	$0	$712
Mississippi	$145	$42	$0	$0	$0	$0	$187
Missouri	$166	$104	$0	$0	$0	$0	$270
Montana	$35	$19	$15	$15	$0	$0	$84
Nebraska	$165	$124	$3	$3	$0	$0	$295
Nevada	$9	$9	$3	$3	$0	$0	$24
New Hampshire	$40	$27	$2	$2	$0	$0	$71
New Jersey	$297	$297	$93	$93	$0	$0	$780
New Mexico	$61	$27	$0	$0	$0	$0	$88
New York	$9,453	$9,453	$864	$864	$71	$24	$20,729
N. Carolina	$120	$53	$1	$1	$0	$0	$175
N. Dakota	$79	$50	$0	$0	$0	$0	$129
Ohio	$291	$234	$44	$44	$0	$0	$613
Oklahoma	$36	$26	$0	$0	$0	$0	$62
Oregon	$39	$29	$3	$3	$0	$0	$74
Pennsylvania	$332	$260	$90	$90	$0	$0	$772
Rhode Island	$31	$22	$0	$0	$0	$0	$53
S. Carolina	$97	$35	$0	$0	$0	$0	$132
S. Dakota	$22	$10	$0	$0	$0	$0	$32
Tennessee	$136	$56	$5	$5	$0	$0	$202
Texas	$150	$126	$0	$0	$0	$0	$276
Utah	$15	$6	$16	$16	$0	$0	$53
Vermont	$27	$12	$28	$28	$0	$0	$95
Virginia	$153	$118	$40	$40	$0	$0	$351
Washington	$227	$227	$66	$66	$0	$0	$586
W. Virginia	$86	$36	$0	$0	$0	$0	$122
Wisconsin	$458	$347	$186	$186	$0	$0	$1,177
Wyoming	$0	$0	$0	$0	$0	$0	$0

Data Sources: State expenditure reports.

(1) [475(a)(2) of the Social Security Act, 42 USC 675(4) & 45 CFR 1356.60(a)] Adoption Assistance payments are amounts to cover the cost of agreements between the adoptive parents and the state or local agency administrering the program, which shall take into consideration the circumstances of the adopting parents and the needs of the child being adopted. However, this amount may not exceed the Foster Care maintenance payment which would have been paid if the child had been in a foster family home.

(2) [474(a)(3) of the Social Security Act, 42 USC 674(a)(3) & 45 CFR 1356.60(c)] "Funds found necessary by the Secretary for proper and efficient administration of the program." Some states have filed no claims for Adoption Assistance administration because most costs occur before the children are adopted. These costs often are charged to IV-E Foster Care. On the other hand, a few states charge more for administration than for benefits due to high front-end costs, e.g., recruiting adoptive parents.

(3) [474 (a)(3) of the Social Security Act] - Training of staff or persons for employment by the State or local agency.

IX. A. FY 85 RECIPIENT CHARACTERISTICS
13.659 ADOPTION ASSISTANCE

	Persons Served	(1)
United States	16,082	
Alabama	75	
Alaska	0	
Arizona	199	
Arkansas	99	
California	883	
Colorado	49	
Connecticut	100	
Delaware	22	
D. C.	82	
Florida	499	
Georgia	21	
Hawaii	6	
Idaho	18	
Illinois	829	
Indiana	208	
Iowa	148	
Kansas	133	
Kentucky	198	
Louisiana	153	
Maine	92	
Maryland	284	
Massachusetts	278	
Michigan	1,993	
Minnesota	227	
Mississippi	187	
Missouri	430	
Montana	12	
Nebraska	153	
Nevada	33	
New Hampshire	60	
New Jersey	390	
New Mexico	59	
New York	5,094	
N. Carolina	230	
N. Dakota	61	
Ohio	757	
Oklahoma	82	
Oregon	86	
Pennsylvania	200	(2)
Rhode Island	101	
S. Carolina	103	
S. Dakota	30	
Tennessee	126	
Texas	276	
Utah	37	
Vermont	40	
Virginia	208	
Washington	319	
W. Virginia	33	
Wisconsin	382	
Wyoming	0	

Data Sources: State expenditure reports.

(1) Based on mean monthly caseload.
(2) Estimated.

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IX. B. FY 84 RECIPIENT CHARACTERISTICS
13.659 ADOPTION ASSISTANCE

		Persons Served	(1)
United States		10,327	
Alabama		57	
Alaska		0	
Arizona		150	
Arkansas		58	
California		423	
Colorado		51	
Connecticut		83	
Delaware		6	
D. C.		59	
Florida		540	
Georgia		16	
Hawaii		3	
Idaho		10	
Illinois		532	
Indiana		119	
Iowa		123	
Kansas		99	
Kentucky		133	
Louisiana		55	
Maine		60	
Maryland		232	
Massachusetts		108	
Michigan		1,646	
Minnesota		192	
Mississippi		130	
Missouri		98	
Montana		13	
Nebraska		111	
Nevada		27	
New Hampshire		32	
New Jersey		241	
New Mexico		0	
New York		3,225	
N. Carolina		146	
N. Dakota		29	
Ohio		375	
Oklahoma		33	
Oregon		76	
Pennsylvania		187	(2)
Rhode Island		22	
S. Carolina		46	
S. Dakota		19	
Tennessee		93	
Texas		106	
Utah		16	
Vermont		22	
Virginia		145	
Washington		268	
W. Virginia		9	
Wisconsin		293	
Wyoming		0	

Data Sources: State expenditure reports

(1) Represents mean monthly caseload.
(2) Estimate.

X. A. MEAN FY 85 COSTS PER UNIT SERVED (1)
13.659 ADOPTION ASSISTANCE

	Benefits	Administration (2)	"Other" Funds Spent Under This Program Authority	Total
United States	$3,395	$992	$17	$4,404
Alabama	$2,240	$0	$0	$2,240
Alaska	$0	$0	$0	$0
Arizona	$3,713	$604	$0	$4,317
Arkansas	$1,073	$932	$91	$2,096
California	$3,461	$8,805	$35	$12,301
Colorado	$2,816	$0	$0	$2,816
Connecticut	$2,454	$0	$0	$2,454
Delaware	$2,427	$90	$0	$2,517
D. C.	$3,317	$10,171	$0	$13,488
Florida	$2,196	$3,046	$0	$5,242
Georgia	$2,217	$0	$0	$2,217
Hawaii	$2,087	$0	$0	$2,087
Idaho	$1,771	$0	$0	$1,771
Illinois	$2,395	$1,295	$0	$3,690
Indiana	$1,849	$192	$0	$2,041
Iowa	$2,037	$0	$0	$2,037
Kansas	$1,962	$0	$0	$1,962
Kentucky	$2,051	$0	$0	$2,051
Louisiana	$2,206	$0	$0	$2,206
Maine	$3,390	$0	$0	$3,390
Maryland	$2,639	$0	$0	$2,639
Massachusetts	$3,532	$0	$0	$3,532
Michigan	$4,005	$0	$0	$4,005
Minnesota	$3,806	$0	$0	$3,806
Mississippi	$1,620	$0	$0	$1,620
Missouri	$2,333	$0	$0	$2,333
Montana	$5,583	$2,000	$0	$7,583
Nebraska	$2,542	$301	$0	$2,843
Nevada	$611	$244	$0	$855
New Hampshire	$2,158	$0	$0	$2,158
New Jersey	$2,234	$1,025	$0	$3,259
New Mexico	$3,390	$0	$0	$3,390
New York	$4,809	$367	$43	$5,219
North Carolina	$1,402	$26	$0	$1,428
North Dakota	$1,557	$98	$0	$1,655
Ohio	$1,945	$111	$0	$2,056
Oklahoma	$1,841	$0	$0	$1,841
Oregon	$1,140	$0	$0	$1,140
Pennsylvania	$3,500	$1,040	$0	$4,540
Rhode Island	$2,459	$0	$0	$2,459
S. Carolina	$1,873	$0	$0	$1,873
S. Dakota	$1,653	$0	$0	$1,653
Tennessee	$2,223	$64	$0	$2,287
Texas	$2,112	$3,957	$43	$6,112
Utah	$1,557	$2,255	$27	$3,839
Vermont	$2,692	$3,119	$25	$5,836
Virginia	$1,949	$347	$0	$2,296
Washington	$1,754	$645	$0	$2,399
W. Virginia	$3,909	$0	$0	$3,909
Wisconsin	$2,986	$692	$0	$3,678
Wyoming	$0	$0	$0	$0

Data Sources: State expenditure reports except for Pennsylvania which is based on estimates.

(1) Based on mean monthly caseload.
(2) Some states filed no claims for Adoption Assistance administration because most costs occur before the children are adopted. These costs often are charged to IV-E Foster Care. On the other hand, a few states charge more for administration than for benefits due to high front-end costs, e.g., recruiting adoptive parents.

X. B. MEAN FY 84 COSTS PER UNIT SERVED (1)
13.659 ADOPTION ASSISTANCE

	Benefits	Administration (2)	"Other" Funds Spent Under This Program Authority	Total
United States	$3,738	$1,038	$13	$4,789
Alabama	$2,018	$0	$0	$2,018
Alaska	$0	$0	$0	$0
Arizona	$3,287	$480	$0	$3,767
Arkansas	$1,835	$1,074	$364	$3,273
California	$3,073	$16,350	$54	$19,477
Colorado	$2,615	$0	$0	$2,615
Connecticut	$2,441	$0	$0	$2,441
Delaware	$2,667	$0	$0	$2,667
D. C.	$2,937	$2,768	$0	$5,705
Florida	$2,146	$607	$0	$2,753
Georgia	$2,323	$0	$0	$2,323
Hawaii	$1,846	$0	$0	$1,846
Idaho	$1,854	$1,951	$0	$3,805
Illinois	$2,396	$455	$0	$2,851
Indiana	$1,765	$0	$0	$1,765
Iowa	$1,761	$0	$0	$1,761
Kansas	$2,051	$0	$0	$2,051
Kentucky	$1,951	$0	$0	$1,951
Louisiana	$2,356	$0	$0	$2,356
Maine	$2,286	$0	$0	$2,286
Maryland	$2,291	$0	$0	$2,291
Massachusetts	$6,611	$0	$0	$6,611
Michigan	$3,665	$0	$0	$3,665
Minnesota	$3,718	$0	$0	$3,718
Mississippi	$1,438	$0	$0	$1,438
Missouri	$2,755	$0	$0	$2,755
Montana	$4,075	$2,264	$0	$6,339
Nebraska	$2,609	$54	$0	$2,663
Nevada	$661	$220	$0	$881
New Hampshire	$2,078	$124	$0	$2,202
New Jersey	$2,462	$771	$0	$3,233
New Mexico	$0	$0	$0	$0
New York	$5,862	$536	$29	$6,427
North Carolina	$1,183	$14	$0	$1,197
North Dakota	$4,448	$0	$0	$4,448
Ohio	$1,400	$235	$0	$1,635
Oklahoma	$1,908	$0	$0	$1,908
Oregon	$901	$79	$0	$980
Pennsylvania	$3,545	$1,078	$0	$4,623
Rhode Island	$2,382	$0	$0	$2,382
S. Carolina	$2,885	$0	$0	$2,885
S. Dakota	$1,684	$0	$0	$1,684
Tennessee	$2,070	$108	$0	$2,178
Texas	$2,598	$0	$0	$2,598
Utah	$1,355	$2,065	$0	$3,420
Vermont	$1,753	$2,517	$0	$4,270
Virginia	$1,869	$552	$0	$2,421
Washington	$1,705	$496	$0	$2,201
W. Virginia	$14,353	$0	$0	$14,353
Wisconsin	$2,747	$1,270	$0	$4,017
Wyoming	$0	$0	$0	$0

Data Sources: State expenditure reports except for Pennsylvania which is based on estimates.

(1) Based on mean monthly caseload.
(2) Some states filed no claims for Adoption Assistance administration because most costs occur before the children are adopted. These costs often are charged to IV-E Foster Care. On the other hand, a few states charge more for administration than for benefits due to high front-end costs, e.g., recruiting adoptive parents.

XI. HISTORICAL DATA (Dollars in thousands)
13.659 ADOPTION ASSISTANCE

Federal Fiscal Year	Total Federal Expenditures	(1)	Total State-Local Expenditures	(1)	Persons Served
1985	$36,885		$33,933		16,082
1984	$25,634		$23,825		10,327
1983	$12,561		$11,524		5,308
1982	$4,734		$4,335		2,402
1981	$486		$449		165
1980					
1979					
1978					
1977					
1976					
1975					
1974					
1973					
1972					
1971					
1970					
1969					
1968					
1967					
1966					
1965					
1964					
1963					
1962					
1961					
1960					

Data Sources: State expenditure reports.

(1) Program expenditures claimed by states for the relevant fiscal year used as the most reliable and significant measure.

INDIAN GENERAL ASSISTANCE

I. PROGRAM SUMMARY

The Indian General Assistance (GA) program provides federal funds to meet the basic needs of low income Indians living on reservations or in Indian areas when assistance is not available from state or local public agencies. The program is administered by the Bureau of Indian Affairs (BIA) and assistance is delivered directly to Indians through local BIA offices or through tribal social service programs. State and local governments play indirect, but significant roles in determining eligibility and benefit standards.

The Indian GA program operates where state or local General Assistance programs are not available. Participation in either the AFDC or SSI program categorically precludes participation in Indian GA. Thus, Indian GA serves limited numbers of persons in just 18 states and in those states the eligibility requirements and benefit levels under Indian GA are largely determined by the standards set under the AFDC program in each state.

The Indian GA benefits take the form of monthly checks to recipients in amounts sufficient to meet the essential needs of food, shelter, clothing, and utilities. The actual amount of assistance is adjusted for family size, subject to maximum limits, and reduced by deducting other countable income available to meet essential needs. Given the considerable discretion that states have to set AFDC standards, Indian GA benefits may vary widely from state to state.

Eligibility is limited to persons of Indian descent who live on or near reservations and who are deemed needy by their state's AFDC standards. Unlike AFDC and SSI, however, Indian GA extends eligibility to intact families, childless couples, and single adults. With certain exceptions, all applicants for Indian GA must be available to seek and accept suitable employment, sometimes through participation in Tribal Work Experience Programs.

In FY 1985, the Indian GA program had an average monthly caseload of about 69,500 persons. For the year, benefits totalled about $67 million. The program is fully funded by the federal government. The federal funds are allocated based on annual projections of need and capped by the amount of the annual appropriations.

II. ADMINISTRATION

A. Program name: Indian General Assistance.

B. Catalog of Federal Domestic Assistance No.: 15.113
Budget account number(s): 14-2100-0-1-452.

C. Current authorizing statute: Synder Act of 1921 (42 Stat. 208); 25 U.S.C. 13.

D. Location of program regulations in the Code of Federal Regulations: 25 CFR 20.

E. Federal administering agency: Bureau of Indian Affairs, Department of Interior.

F. Primary grantee (if any) receiving program funds to provide benefits: Tribal organizations.

G. Subgrantee (if any) receiving program funds to provide benefits: Tribal organizations.

H. Allocation of federal funds.

Funds appropriated specifically for the Bureau of Indian Affairs' General Assistance program are allocated to the Bureau's area regional offices based on annual projections of need. Using the same criteria, area offices apportion available GA funds among local BIA agencies and those tribes that have elected to deliver the service under Pub. L. 93-638 contracts. Indian GA funds are annually appropriated under the Operation of Indian Programs account in the Bureau of Indian Affairs and therefore do not constitute an open entitlement program. Additional program funding requirements which may result from increased caseloads, over and above the projected estimates developed during the budget process, due to on-reservation economic conditions or to acts of nature (such as prolonged periods of severe winter weather), are covered by reprogramming other available funds or through the supplemental appropriation process.

Indian GA is fully federally funded with no matching monies from other state, county, or municipal governments.

I. Role of state and local governments in administering the program.

State and local governments have no role in administering Indian GA. State and/or locally administered General Assistance programs, when they exist, are provided with no federal contribution. Where state governments extend General Assistance services to Indians on reservations, the Bureau of Indian Affairs does not duplicate the service.

J. Audit or quality control.

In FY 1986, BIA began developing standards for a Quality Control system which includes the establishment of an acceptable error rate for assistance payments. BIA will begin to implement the QC requirements effective FY 1987 with the goal of meeting standards by FY 1990. The present plan proposes a maximum acceptable payment error rate of 4 percent for General Assistance.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The objective of the General Assistance program, as set forth in regulation, is to provide for the basic unmet needs of Indian people. This objective is in keeping with BIA's authority under the Snyder Act to provide for the welfare of Indians.

B. Allocation of program funds among activities.

The allocation of funds is based solely on local need for the General Assistance program. Funds may be used for payments or administration. In FY 1985 about 15 percent of funds were used for administration.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Eligibility is limited to members of federally recognized Indian tribes who reside on-reservation or in officially designated "near reservation" areas. (In the state of Oklahoma, recipients must be of at least one-quarter degree blood quantum and reside within specified geographical boundaries.) All individuals who meet the above basic eligibility requirements are potentially eligible for Indian GA so long as: (1) their income and resources are insufficient to meet their essential need requirements; (2) they are ineligible for other assistance programs such as AFDC and SSI. The overwhelming majority of Indian GA recipients may be classified under one of the following three categories: (1) intact family units (ineligible for AFDC because both parents are in the home); (2) childless couples; (3) single adults. Included in these three categories are unemployed and disabled adults who do not meet eligibility criteria required by SSI rules.

B. Income eligibility standards.

Income limits conform to limits established for AFDC eligibility.

Disregards from gross earned or unearned income include the following: federal, state, and local taxes, Social Security withholding; health insurance; work-related expenses (reasonable transportation costs); the cost of special clothing, tools and equipment directly related to the individual's employment; the cost of child care except where the other parent in the home is not working and is not disabled; and resources specifically excluded by federal statute. In FY 1986, BIA adopted the AFDC rule which permits the disregard of $1,000 in liquid resources, i.e., all countable income must be considered as income in the month in which it is earned or received, but recipients are permitted to accumulate up to $1,000 in savings without penalty. The Bureau estimates that in FY 1984, the proportion of recipients having income from any source was 20 percent, with the major portion being classified as unearned. In the vast majority of cases, employment produces earned income in an amount sufficient to preclude eligibility for Bureau assistance.

Increases in liquid assets above the $1,000 limit result in a dollar-for-dollar reduction in the BIA assistance payment. The Bureau does not impose restrictions on the value of personal property such as automobiles.

C. Other eligibility requirements.

Membership in a federally recognized Indian tribe and residency on or adjacent to an Indian reservation are the only conditions which must be established other than income and assets.

Applicants must be available to seek and accept employment unless their presence in the home is required to provide care for a dependent person(s), or unless they are certified as being disabled. Employable recipients are required to provide evidence of conducting an on-going job search (such as registration with a state employment service). Moreover, recipients are required to participate in Tribal Work Experience Programs (TWEP) where such programs are administered. TWEP participation, however, does not preclude the recipient's obligation to seek and accept available employment.

Conditions which preclude program participation are: movement to a location outside reservation or near-reservation boundaries; eligibility for assistance from a service such as AFDC or SSI; voluntarily terminating employment without good cause; engaging in activities which prevent the recipient from seeking and accepting employment (for example, native religious or ceremonial duties which require long-term investments of time); and refusal to accept assignment to a Tribal Work Experience Program.

D. Other income a recipient unit is required or expected to spend to receive benefits.

None.

V. BENEFITS AND SERVICES

A. Program intake processes.

There is no process of automatic intake, although a small percentage of General Assistance recipients may be referred by community members, tribal officials, or medical personnel. All applications must be voluntarily made by the individual or, in the case of an incapacitated person, by an authorized representative. In all cases, the application must be reduced to written form and signed by the applicant.

General Assistance is delivered directly by the federal government through local BIA agency offices, or with federal funds through tribally contracted social service programs. Although tribally contracted programs are staffed with tribal employees and have latitude in developing internal procedures and standards, such programs are subject to the same regulatory provisions that govern Bureau administered General Assistance programs.

B. Program benefits or services.

At a minimum, General Assistance provides for the essential needs of food, clothing, shelter, and utilities. If a given state's AFDC plan includes other items in its list of essential needs, BIA also recognizes those additional items. It is important to note that BIA does not necessarily pay actual cost for the essential need items, but makes payments in strict accordance with the applicable state AFDC payment standard.

Indian GA is provided through monthly (in some cases semi-monthly) checks to recipients. Ideally, the receipt of cash assistance is accompanied by counseling and other casework services. In reality, however, auxiliary services are provided only in the few programs where worker-client ratios permit.

Bureau General Assistance payment levels vary from state-to-state because, by regulation, they are identical to the AFDC payment level in the state where the Indian recipient resides. This rule applies even on multi-state reservations such as the Navajo Reservation which encompasses lands in Arizona, New Mexico, and Utah. On multi-state reservations the actual amount of assistance for which a unit is potentially eligible depends solely on the sector in which the assistance unit resides. Other than the prevailing AFDC payment rate, assistance amounts are determined by family size, and are reduced dollar-for-dollar by deducting any available income from the maximum amount for which the assistance unit would otherwise be eligible.

C. Duration of benefits.

The Bureau imposes no maximum duration or participation limitation on the General Assistance program. As in the AFDC and SSI programs, participation may continue as long as basic eligibility criteria are met.

Duration of receipt of benefits ranges from one-time-only assistance (a single month) to many years of unbroken eligibility. A significant percentage of recipients regularly receive benefits only during a portion of each year, but are self-supporting during sporadic or seasonal periods of employment.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

No categorical or automatic eligibility for BIA General Assistance is conferred because of participation in any other assistance program. Participation in other assistance programs does not satisfy any conditions of BIA General Assistance eligibility.

Participation in either the AFDC program or the SSI program categorically precludes eligibility for BIA General Assistance.

B. Counting Assistance from other programs.

BIA General Assistance rules do not prohibit counting the income or resources provided under any other assistance program in determination of eligibility or level of benefit. However, some other assistance program rules do prohibit counting benefits provided by those programs as income.

General Assistance payment levels are determined by the various AFDC payment rates in the states where BIA General Assistance is provided. Fluctuation in the states' AFDC payment rates precipitate identical increases or decreases in the amount of assistance provided by the BIA program.

C. Overlapping authorities and benefits.

Participation in a cash income maintenance program under the Social Security Act precludes eligibility for BIA General Assistance. Recipients of BIA General Assistance are eligible for a wide range of non-cash programs which provide for some of the same basic needs.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Select Committee on Indian Affairs

House of Representatives

Committee on Interior and Insular Affairs

B. Appropriating subcommittees.

Senate

Subcommittee on Interior and Related Agencies

House of Representatives

Subcommittee on Interior and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

The program was authorized by the Snyder Act of 1921. There have been no major legislative changes since the program's inception in 1921.

E. Major federal implementing regulations and regulatory changes.

The federal implementing regulations, 25 CFR 20.21, restrict the provision of Bureau General Assistance to Indians residing on or near reservations and limit the receipt of assistance to individuals who are ineligible for any income maintenance program authorized under the Social Security Act. The regulations establish criteria for determining whether the Bureau will administer a General Assistance program in a given state and stipulate that the General Assistance payment level will be identical to the prevailing AFDC payment level. The regulations also set requirements for counting income and resources, and for determinations of eligibility. The regulations also require that applicants/recipients of General Assistance must actively seek employment.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (in thousands)
15.113 INDIAN GENERAL ASSISTANCE

	Benefits	(1)	Administration	(2)	Total
United States	$67,191		$11,721		$78,912
Alabama					
Alaska					
Arizona	$18,850		$5,500		$24,350
Arkansas					
California					
Colorado	$550		$325		$875
Connecticut					
Delaware					
D. C.					
Florida					
Georgia					
Hawaii					
Idaho	$925		$185		$1,110
Illinois					
Indiana					
Iowa					
Kansas					
Kentucky					
Louisiana					
Maine	$450		$120		$570
Maryland					
Massachusetts					
Michigan					
Minnesota	$485		$115		$600
Mississippi	$1,200		$130		$1,330
Missouri					
Montana	$7,400		$965		$8,365
Nebraska	$625		$105		$730
Nevada	$880		$65		$945
New Hampshire					
New Jersey					
New Mexico	$13,661		$1,185		$14,846
New York					
N. Carolina	$430		$75		$505
N. Dakota	$4,800		$340		$5,140
Ohio					
Oklahoma	$3,200		$825		$4,025
Oregon					
Pennsylvania					
Rhode Island					
S. Carolina					
S. Dakota	$12,700		$1,600		$14,300
Tennessee					
Texas	$15		$6		$21
Utah	$875		$125		$1,000
Vermont					
Virginia					
Washington					
W. Virginia					
Wisconsin					
Wyoming	$145		$55		$200
Guam					
Puerto Rico					
Virgin Islands					

Data Sources: Monthly Statistics, Year End, and Analysis of Funds Reports

(1) BIA does not maintain General Assistance program statistics by state but compiles statistics by agency and tribe, and area offices because some tribal programs extend to more than one state. Therefore, the statistics provided are an estimate based upon available data.
(2) Administrative funds for BIA Social Services programs are not broken out by General Assistance, Child Welfare, etc., so the amounts are an estimate of the amount spent for administration of General Assistance.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands)
15.113 INDIAN GENERAL ASSISTANCE

	Benefits	(1)	Administration	(2)	Total
United States	$65,502		$12,131		$77,633
Alabama					
Alaska					
Arizona	$18,850		$5,700		$24,550
Arkansas					
California					
Colorado	$547		$350		$897
Connecticut					
Delaware					
D. C.					
Florida					
Georgia					
Hawaii					
Idaho	$790		$200		$990
Illinois					
Indiana					
Iowa					
Kansas					
Kentucky					
Louisiana					
Maine	$270		$125		$395
Maryland					
Massachusetts					
Michigan					
Minnesota	$510		$120		$630
Mississippi	$1,150		$135		$1,285
Missouri					
Montana	$7,125		$980		$8,105
Nebraska	$650		$110		$760
Nevada	$890		$75		$965
New Hampshire					
New Jersey					
New Mexico	$12,800		$1,200		$14,000
New York					
N. Carolina	$450		$80		$530
N. Dakota	$4,500		$360		$4,860
Ohio					
Oklahoma	$3,500		$850		$4,350
Oregon					
Pennsylvania					
Rhode Island					
S. Carolina					
S. Dakota	$12,400		$1,650		$14,050
Tennessee					
Texas	$20		$6		$26
Utah	$925		$130		$1,055
Vermont					
Virginia					
Washington					
W. Virginia					
Wisconsin					
Wyoming	$125		$60		$185
Guam					
Puerto Rico					
Virgin Islands					

Data Sources: Monthly Statistics, Year End, and Analysis of Funds Reports

(1) BIA does not maintain General Assistance program statistics by state but compiles statistics by agency and tribe, and area offices because some tribal programs extend to more than one state. Therefore, the statistics provided are an estimate based upon available data.
(2) Administrative funds for BIA Social Services programs are not broken out by General Assistance, Child Welfare, etc., so the amounts are an estimate of the amount spent for administration of General Assistance.

IX. A. FY 85 RECIPIENT CHARACTERISTICS
15.113 INDIAN GENERAL ASSISTANCE

		Persons Served	(1)
United States		69,500	
Alabama			
Alaska			
Arizona		25,280	
Arkansas			
California			
Colorado		900	
Connecticut			
Delaware			
D. C.			
Florida			
Georgia			
Hawaii			
Idaho		700	
Illinois			
Indiana			
Iowa			
Kansas			
Kentucky			
Louisiana			
Maine		800	
Maryland			
Massachusetts			
Michigan			
Minnesota		525	
Mississippi		1,176	
Missouri			
Montana		7,100	
Nebraska		384	
Nevada		520	
New Hampshire			
New Jersey			
New Mexico		12,746	
New York			
N. Carolina		900	
N. Dakota		2,700	
Ohio			
Oklahoma		2,500	
Oregon			
Pennsylvania			
Rhode Island			
S. Carolina			
S. Dakota		12,000	
Tennessee			
Texas		24	
Utah		1,100	
Vermont			
Virginia			
Washington			
W. Virginia			
Wisconsin			
Wyoming		145	
Guam			
Puerto Rico			
Virgin Islands			

Data Sources: Monthly Statistics, Year End, and Analysis of Funds Reports

(1) Average monthly persons served by General Assistance.

IX. B. FY 84 RECIPIENT CHARACTERISTICS
15.113 INDIAN GENERAL ASSISTANCE

		Persons Served	(1)
United States		69,800	
Alabama			
Alaska			
Arizona		25,845	
Arkansas			
California			
Colorado		880	
Connecticut			
Delaware			
D. C.			
Florida			
Georgia			
Hawaii			
Idaho		680	
Illinois			
Indiana			
Iowa			
Kansas			
Kentucky			
Louisiana			
Maine		768	
Maryland			
Massachusetts			
Michigan			
Minnesota		485	
Mississippi		1,120	
Missouri			
Montana		6,990	
Nebraska		376	
Nevada		510	
New Hampshire			
New Jersey			
New Mexico		12,910	
New York			
N. Carolina		880	
N. Dakota		2,750	
Ohio			
Oklahoma		2,445	
Oregon			
Pennsylvania			
Rhode Island			
S. Carolina			
S. Dakota		11,920	
Tennessee			
Texas		16	
Utah		1,090	
Vermont			
Virginia			
Washington			
W. Virginia			
Wisconsin			
Wyoming		135	
Guam			
Puerto Rico			
Virgin Islands			

Data Sources: Monthly Statistics, Year End, and Analysis of Funds Reports

(1) Average monthly persons served by General Assistance.

X. A. MEAN FY 85 COSTS PER UNIT SERVED (1)
15.113 INDIAN GENERAL ASSISTANCE

	Benefits	Administration	Total
United States	$967	$169	$1,135
Alabama			
Alaska			
Arizona	$746	$218	$963
Arkansas			
California			
Colorado	$611	$361	$972
Connecticut			
Delaware			
D. C.			
Florida			
Georgia			
Hawaii			
Idaho	$1,321	$264	$1,586
Illinois			
Indiana			
Iowa			
Kansas			
Kentucky			
Louisiana			
Maine	$563	$150	$713
Maryland			
Massachusetts			
Michigan			
Minnesota	$924	$219	$1,143
Mississippi	$1,020	$111	$1,131
Missouri			
Montana	$1,042	$136	$1,178
Nebraksa	$1,628	$273	$1,901
Nevada	$1,692	$125	$1,817
New Hampshire			
New Jersey			
New Mexico	$1,072	$93	$1,165
New York			
N. Carolina	$478	$83	$561
N. Dakota	$1,778	$126	$1,904
Ohio			
Oklahoma	$1,280	$330	$1,610
Oregon			
Pennsylvania			
Rhode Island			
S. Carolina			
S. Dakota	$1,058	$133	$1,192
Tennessee			
Texas	$625	$250	$875
Utah	$795	$114	$909
Vermont			
Virginia			
Washington			
W. Virginia			
Wisconsin			
Wyoming	$1,000	$379	$1,379
Guam			
Puerto Rico			
Virgin Islands			

Data Sources: Monthly Statistics, Year End, and Analysis of Funds Reports

(1) Average monthly cost per unit served times 12.

X. B. MEAN FY 84 COSTS PER UNIT SERVED (1)
15.113 INDIAN GENERAL ASSISTANCE

	Benefits	Administration	Total
United States	$938	$174	$1,112
Alabama			
Alaska			
Arizona	$729	$221	$950
Arkansas			
California			
Colorado	$622	$398	$1,019
Connecticut			
Delaware			
D. C.			
Florida			
Georgia			
Hawaii			
Idaho	$1,162	$294	$1,456
Illinois			
Indiana			
Iowa			
Kansas			
Kentucky			
Louisiana			
Maine	$352	$163	$514
Maryland			
Massachusetts			
Michigan			
Minnesota	$1,052	$247	$1,299
Mississippi	$1,027	$121	$1,147
Missouri			
Montana	$1,019	$140	$1,160
Nebraska	$1,729	$293	$2,021
Nevada	$1,745	$147	$1,892
New Hampshire			
New Jersey			
New Mexico	$991	$93	$1,084
New York			
N. Carolina	$511	$91	$602
N. Dakota	$1,636	$131	$1,767
Ohio			
Oklahoma	$1,431	$348	$1,779
Oregon			
Pennsylvania			
Rhode Island			
S. Carolina			
S. Dakota	$1,040	$138	$1,179
Tennessee			
Texas	$1,250	$375	$1,625
Utah	$849	$119	$968
Vermont			
Virginia			
Washington			
W. Virginia			
Wisconsin			
Wyoming	$926	$444	$1,370
Guam			
Puerto Rico			
Virgin Islands			

Data Sources: Monthly Statistics, Year End, and Analysis of Funds Reports

(1) Average monthly cost per unit served times 12.

XI. HISTORICAL DATA (Dollars in thousands)
15.113 INDIAN GENERAL ASSISTANCE

		Total Federal Spending	(1)	Persons Served	(2)	Federal Staff	(3)
1985		$68,631		69,500		153	
1984		$66,191		69,800		153	
1983		$62,615		68,944		175	
1982		$54,863		62,482		190	
1981		$52,887		55,642		210	
1980		$49,637			(4)		(4)
1979		$46,423					
1978		$45,665					
1977		$43,378					
1976		$40,807					
1975		$37,467					
1974		$45,389					
1973		$40,000					
1972		$37,220					
1971		$31,205					
1970		$15,733					
1969		$9,179					
1968		$6,578					
1967		$6,540					
1966		$6,214					
1965		$6,031					
1964		$5,446					
1963		$4,602					
1962		$4,455					
1961		$3,694					
1960		$3,408					

Data Sources: Monthly Statistics, Year End, and Analysis of Funds Reports

(1) Represents grants only, does not include administrative funds.
(2) Average monthly persons served.
(3) The federal staff consists of only BIA staff and does not include tribal employees under contract to deliver services.
(4) Prior years' data unavailable.

FOOD STAMPS

I. PROGRAM SUMMARY

The Food Stamp Program enables low income households to obtain more nutritious diets by increasing their food purchasing power. State welfare agencies are responsible for the day-to-day administration of the program within broad federal requirements. In a number of states, these responsibilities are passed down to county or local welfare agencies because of the structure of the state's welfare system.

The federal government provides full funding for Food Stamp benefits. In addition, federal funds cover from 50 to 60 percent of state/local administrative expenses. In FY 1985, total federal costs were $11.7 billion and state and local costs were $831 million; about 7.3 million households received benefits in an average month.

Among other limitations, eligibility for Food Stamps is determined by three major tests. First, households without an elderly or disabled member must have gross monthly incomes below 130 percent of the federal poverty guidelines and all households must have countable incomes (gross income minus certain deductions) below 100 percent of the poverty guidelines. Second, the household's liquid assets, with certain exclusions, may not exceed $2,000 ($3,000 for households of two or more with an elderly member). Third, with certain exceptions, all able-bodied adults in the household must register for, seek, and accept suitable employment. Since 1985, those households in which all members receive AFDC or SSI benefits have been deemed eligible for Food Stamps.

Eligible households receive Food Stamp benefits on a monthly basis in the form of coupons. Food Stamps are good at most retail grocery stores, but cannot be used to buy household supplies, ready-to-eat hot foods, alcoholic beverages, or tobacco. The maximum Food Stamp allotment is based on household size and the periodically adjusted cost of a nutritionally adequate low-cost diet; the actual allotment is reduced from the maximum by about 30 percent of the household countable income, on the assumption that households spend 30 percent of income on food.

The Food Stamp Program is available to all needy individuals and families, including the working poor and the unemployed, as well as single parents, the elderly, and disabled persons. Most households receiving Food Stamps also receive other public benefits.

II. ADMINISTRATION

A. Program name: Food Stamps.

B. Catalog of Federal Domestic Assistance No.: 10.551
Budget account number(s): 12-3505-0-1-605.

C. Current authorizing statute: Food Stamp Act of 1977, as amended.

D. Location of program regulations in the Code of Federal Regulations: 7 CFR 270-285.

E. Federal administering agency: Food and Nutrition Service, Department of Agriculture.

F. Primary grantee (if any) receiving program funds to provide benefits: States.

G. Subgrantee (if any) receiving program funds to provide benefits: None.

H. Allocation of federal funds.

The Food Stamp Program is funded by direct annual appropriations which, under current law, are capped each fiscal year. The federal government assumes the full cost value of Food Stamp benefits. The proportion of annual appropriations needed to pay for Food Stamp benefits is deposited in a special account in the Treasury for use in redeeming Food Stamps through the Federal Reserve System. The remainder of annual appropriations is used to fund operational costs and to pay states 50 percent of their administrative costs.

To determine costs to be allocated to Food Stamp Administration, states use cost allocation plans. States submit fiscal year estimates to the Department by cost category (or function), such as issuance or certification. The Department provides state agencies with a letter-of-credit in the amount of the federal share (50 percent). The state's share of administrative costs (50 percent) can be reduced to 40 percent by meeting standards for payment accuracy. The state's share of administrative costs can be increased by the assessment of liabilities for excessive error rates.

States receive enhanced funding as follows:

- 75 percent of the costs of the Food Stamp Program fraud investigation and prosecution efforts;
- 75 percent for Automated Data Processing (ADP) development costs.

In Fiscal Year 1985, federal fraud costs amounted to $14.8 million. This was of the $879 million in total federal administrative costs.

In addition, states may retain part of their claim collections:

- 50 percent of fraud benefit recoveries;
- 25 percent of nonfraud benefit recoveries.

I. Role of state and local governments in administering the program.

State welfare agencies are responsible for the day-to-day administration of the Food Stamp Program (under federal rules) and a substantial portion (50 percent) of their administrative costs. In a number of states, these responsibilities are passed down to county or local welfare agencies because of the structure of the state's welfare system. The state, however, remains ultimately responsible and is the unit with which the Department deals.

State/local responsibilities under the Food Stamp Program include:

- Eligibility certification for all Food Stamp applicants;
- The issuance of Food Stamp benefits;
- The conduct of fair hearings for those aggrieved by a welfare agency action;
- The conduct of "quality control" and "efficiency and effectiveness" review activities in order to promote better administration;
- The payment of 50 percent of all their administrative expenses; and
- The collection and disposition of claims against households for benefit over issuances.

These responsibilities are carried out by local welfare agencies which are either directly under the state's welfare agency or under its general supervision, except that state (or local) agencies may "contract out" their issuance responsibilities to banks or other types of private issuance agents. Where the welfare agency contracts out its issuance responsibilities, it provides a negotiated "transaction fee" to the issuance agency, the cost of which is shared between the Department and the state on a fifty-fifty basis.

J. Audit or quality control.

Food Stamp Program regulations establish the standards for administrative efficiency that are managed through a variety of mechanisms.

States are required to submit a number of planning documents to FNS for approval. These include state plans of operation, corrective action plans, budget projections, quality control sampling plans, and advance planning documents for new or revised automated data processing systems.

FNS regularly reviews state and local operations to monitor compliance with program requirements. Fiscal sanctions can be applied when states fail to operate the program in accordance with law or regulation.

Under the quality control (QC) system, states are required to review a sample of cases against the program standards established in law and regulation. QC review findings are used to determine: states' error rates for defined time periods; states' financial liabilities for excessive errors or administrative funding enhancements for good performance; information on which to base corrective actions.

For FY 1984, the national overpayment error rate was 8.64 percent, computed by using the weighted average of all states' error rates. The overpayment error rate is the estimate of benefits that are issued erroneously to ineligible households plus the excessive benefits issued to eligible households. Applying the overpayment error rate to the FY 1984 adjusted total national issuance, the total dollar overpayment was approximately $890 million.

Penalties are levied when standards are not met. When error rates rise above a statutory threshold, administrative funds are reduced in accordance with a predetermined formula and thus states share in the cost of unauthorized benefit expenditures. State liabilities are based upon the difference between a state's official error rate and its error rate goal. If the difference between those figures is less than 1 percent, the rate of liability is 5 percent of the state's total federal administrative funding. If the difference is 1 percent to 1.99 percent, a state's liability will rise to 10 percent. Liability continues to rise 5 percent for every 1 percent increase up to 3 percent. For rates above 3 percent, liability increases 10 percent for each point increase. In Fiscal Year 1986, the states' overpayment error rate goal was 5 percent.

This formula applies only to QC liabilities. Other state liabilities are determined on an individual basis, based upon the area of noncompliance, loss to the program, and severity of the noncompliance.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

Section 2 of the Food Stamp Act of 1977, as amended, states that the purpose of the program is to "safeguard the health and well-being of the Nation's population by raising levels of nutrition among low-income households" by enabling them to obtain more nutritious diets "through normal channels of trade by increasing food purchasing power for all eligible households who apply for participation." Congress also expected that the program would result in increased utilization of food which would promote distribution of the nation's agricultural abundance and strengthen the agricultural economy, as well as result in more orderly marketing and distribution of food.

B. Allocation of program funds among activities.

The federal government pays 100 percent of the cost of the Food Stamp benefits, as well as the cost of printing them, and shipping them to states. The cost of benefits represents over 90 percent of federal program outlays. Generally, operating costs are split equally with state agencies although the federal government pays more than half of some costs. In Fiscal Year 1985, the value of benefits distributed was $10.7 billion. The federal share of administrative costs that year was approximately $879 million.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

The unit for which eligibility for program benefits is determined is a household. A household is composed of an individual living alone, or people living together and purchasing food and preparing meals together. However, there are a number of variations and exceptions to this general classification.

Certain elderly individuals who are unable to purchase and prepare their meals due to a disability can be considered a separate household from others they live with, provided the total gross income of the others with whom they reside does not exceed 165 percent of the poverty guidelines. Roomers and live-in attendants are excluded from consideration as household members when determining financial and nonfinancial eligibility or a household's benefit level. Individuals living in certain institutions or in boarding houses are ineligible to participate in the program. Benefits are issued to a household as a whole based on the number of eligible members.

B. Income eligibility standards.

Most households must meet a gross and net income test to receive benefits. Others must meet a net income test (gross income less certain income exclusions and deductions). The monthly gross income of households with no elderly members cannot exceed 130 percent of the federal poverty guidelines. These same households must also meet a monthly net income test which cannot exceed 100 percent of the poverty guidelines to be entitled to receive benefits. Households with elderly members need only meet the monthly net income test. Monthly income eligibility standards are derived from the annual poverty guidelines and divided by 12 and rounded to establish monthly eligibility standards.

For Food Stamp purposes the definition of "elderly or disabled member" includes any member of a household who is 60 years of age or older, receives Supplemental Security Income benefits, receives certain disability or blindness payments under the Social Security Act, receives veterans' disability benefits, or receives Railroad Retirement annuity payments.

Under the Food Stamp Program certain earned and unearned income is excluded from consideration in determining a household's eligibility. These income exclusions are:

- Any gain or benefit which is not in the form of money payable directly to the household, including nonmonetary or in-kind benefits, such as meals, clothing, public housing, or produce from a garden and vendor payments;
- Any income up to $30 per quarter received too infrequently or irregularly to be reasonably anticipated;
- Educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like to the extent that they are used for tuition and mandatory fees at an appropriate education facility;
- All loans other than educational loans above;
- Reimbursements for past or future expenses, to the extent they do not exceed actual expenses, and do not represent a gain or benefit to the household (i.e., reimbursements for job- or training-related expenses, such as travel and housing);

- Moneys received and used for the care and maintenance of a third-party beneficiary who is not a household member (i.e., payments received and used to care for a spouse in a nursing home);
- The earned income of children under 18 who are members of the household and are students at least half-time;
- Payment of relocation assistance to members of the Navajo and Hopi Tribes under Pub. L. 93-531;
- Money received in the form of a nonrecurring lump-sum payment, including income tax refunds, rebates or credits, retroactive lump-sum Social Security, SSI, public assistance, Railroad Retirement benefits, or other payments, lump-sum insurance settlements, or security deposit refunds;
- The cost of producing self-employment income;
- Any income that is specifically excluded by any other federal statute;
- Payments or allowances made under any federal, state, or local law for the purpose of providing energy assistance (as approved by FNS);
- Moneys withheld from an assistance payment, earned income, or other income source which are voluntarily or involuntarily returned to repay a prior overpayment, provided that the overpayment was not the result of an intentional program violation or otherwise excluded;
- Child support payments received by AFDC recipients which must be transferred to the agency administering Title IV-D of the Social Security Act, as amended, to maintain AFDC eligibility.

To determine a household's eligibility for Food Stamp benefits, the household's gross monthly income is totaled, excluding the items listed above. In households without elderly or disabled members, this total is compared to the maximum gross income eligibility standard for a household of the same size. In addition, a net income eligibility test is performed after the calculation of the household's net monthly income.

To determine the household's monthly benefit level, the net monthly income is computed by subtracting specific deductions from the gross monthly income. These deductions are:

- A 20 percent earned income deduction (if applicable);
- A standard deduction ($99 for FY 1987);

- A deduction for dependent care (not to exceed $160);
- A deduction for excess shelter costs (in FY 1987, not to exceed $149).

The household's monthly allotment is equal to the Thrifty Food Plan for the household's size reduced by 30 percent of the household's net monthly income.

The computation for households with elderly or disabled members is slightly different. They are not subject to the gross monthly income eligibility test, but are subject to the net monthly income eligibility test after all deductions have been subtracted. Also, these households are allowed two deductions in addition to the deductions listed above. These are an unlimited excess shelter cost deduction and a deduction of all medical expenses above $35. All other aspects of the computation are the same.

For FY 1983, 19.6 percent of all Food Stamp households had earned income. The mean value of this earned income was $461 per month; the median value was $458 per month. The distribution of this earned income is as follows:

Percent of Households	Total Monthly Earned Income
100% have less than	$1,615
75% have less than	662
50% have less than	458
25% have less than	219

The distribution of Food Stamp households by source of unearned income is as follows:

Percent of Households	Source of Unearned Income
50.0%	AFDC
9.6	General Assistance
18.0	SSI
19.5	Social Security and Railroad Pensions
4.6	Other Retirement
7.7	Unemployment Compensation
2.8	Asset Income
10.8	Other

There may be an overlap in benefits received by an individual household.

The mean value of this unearned income was $354; the median value was $316. The distribution of this unearned income was as follows:

Percent of Households	Total Monthly Unearned Income
100% have less than	$1,655
75% have less than	427
50% have less than	316
25% have less than	249

Program regulations have changed since the data above was collected and compiled. First, the Food Security Act of 1985 (Pub. L. 99-198) permits farm self-employment losses to be offset against non self-employment income. This provision was effective on February 25, 1986.

Under current Food Stamp Program regulations, all households may have up to $2,000 worth of countable resources. Any households of two or more members including a member or members age 60 or over are allowed up to $3,000 in resources. If a household's resources exceed these maximum limits, the household would no longer be eligible to participate.

Program regulations define "resources" as liquid resources, such as cash on hand, checking or savings accounts, stocks or bonds, individual retirement accounts and certain Keogh plans and nonliquid resources, such as personal property, vehicles, buildings, land, recreational properties, and any other property.

In determining the resources of a household, the following must be excluded:

- The home and surrounding property;
- Household goods, personal effects, including one burial plot per household member, the cash value of life insurance policies, and the cash value of certain pension plans or funds;
- All or part of the value of a vehicle may be excluded depending on its use, its fair market value over $4,500, and its equity exempt status;
- Property which annually produces income consistent with its fair market value;
- Property or work-related equipment essential to the employment of a household member;

- Installment contracts for the sale of land or buildings if the contract or agreement is producing income consistent with its fair market value;

- Any governmental payments which are designated for the restoration of a home damaged in a disaster;

- Resources having cash value which is not accessible to the household, such as irrevocable trust funds, property in probate, security deposits, and real property which the household is making a good faith effort to sell at a reasonable price and which has not been sold;

- Resources, such as those of students or self-employed persons, which have been prorated as income;

- Indian land held jointly with the Tribe, or land that can be sold only with the approval of the Department of Interior's Bureau of Indian Affairs;

- Resources which are excluded for Food Stamp purposes by express provision of federal statute;

- HUD retroactive tax and utility cost subsidy payments issued pursuant to settlement of Underwood v. Harris (Civil No. 76-0469, D.D.C.);

- Where an exclusion applies because of use of a resource by or for a household member, the exclusion shall also apply when the resource is being used by or for an ineligible alien or disqualified person whose resources are being counted as part of the household's resources;

- Energy assistance payments or allowances excluded as income;

- Resources of nonhousehold members.

Resources owned jointly by separate households shall be considered available in their entirety to each household, unless it can be demonstrated by the applicant household that such resources are inaccessible to that household. If the household can demonstrate that it has access to only a portion of the resource, the value of that portion of the resource shall be counted toward the household's resource level. The resource shall be considered totally inaccessible to the household if the resource cannot practically be subdivided and the household's access to the value of the resource is dependent on the agreement of a joint owner who refuses to comply.

For FY 1983, 23 percent of all Food Stamp households had countable resources. The mean value of these countable resources was $55. The median value of these resources has not been determined. The distribution of these resources is as follows:

Value of Resources	Percent of Households with Resources	Percent of all Households
$1 - 500	84	19
501 - 1,000	11	3
1,001 - 1,500	4	1
1,501 - 3,000	1	.3
	100%	23.3%

Program regulations regarding resource limits have changed since the data above were compiled. The Food Security Act of 1985 increased the maximum resource limit for nonelderly households from $1,500 to $2,000 and expanded the $3,000 maximum resource limit for elderly households to one-person households rather than two or more person households. These program changes were effective May 1, 1986.

Under the Food Stamp Program, benefits may not be provided to recipient units with incomes or assets above the limits described above. The only exception to this rule is categorical eligibility. The Food Security Act of 1985 amended the Food Stamp Act to allow households in which all members are recipients of AFDC and/or SSI to be considered categorically eligible for Food Stamps. Some of these households may have income and assets that exceed the maximum limits imposed on all other applicants.

C. Other eligibility requirements.

Listed below are the conditions other than income and assets which must be established for eligibility in the Food Stamp Program:

Social Security Numbers. All household members must provide their social security numbers (SSN) or have applied for one prior to certification. Refusal or failure to provide an SSN will result in disqualification of the individual for whom an SSN has not been obtained. The member that has applied for an SSN shall be allowed to participate for only one month while awaiting receipt of the SSN.

Work Registration. All persons between the ages of 18 and 60 who are physically and mentally fit are required to register for employment at the time of application and once every twelve months thereafter. In addition, household heads aged 16 or 17 are subject to work requirements unless they are enrolled at least half-time in school or in an approved training program.

The following persons are exempt from the work registration requirement:

- A household member subject to complying with the Work Incentive Program under Title IV of the Social Security Act;
- A parent or other household member responsible for the care of a child under six or someone who is incapacitated;
- A person in receipt of unemployment compensation;
- A participant in a drug addiction or alcoholic treatment and rehabilitation program;
- A person who is employed a minimum of 30 hours per week or receiving a weekly wage equal to 30 times the federal minimum hourly wage;
- A student in compliance with the work rules which apply to students.

Refusal or failure (without good cause) to comply with this requirement will result in an automatic disqualification for the entire household.

Citizenship and Alien Status. To participate in the Food Stamp Program, a person must be a U.S. citizen or an alien lawfully admitted for permanent residence. Certain other lawfully admitted aliens may participate as specified by the Food Stamp Act of 1977, as amended. Ineligible aliens include alien visitors, tourists, diplomats, and students who enter the United States temporarily with no intention of abandoning their residence in a foreign country.

Residency. A household must live in the project area in which it files an application for participation. There is no durational requirement and a fixed residence is not required. Further, there is no requirement that the household intend to permanently reside in the state or project area. Finally, no individual may participate as a member of more than one household or in more than one project area, in any month, unless an individual is a resident of a shelter for battered women and children and was a member of a household containing the person who had abused him or her.

Student Status. Students are subject to additional eligibility criteria, and, as a result, most students are ineligible for the program. Students are defined as persons between the ages of 18 and 60 who are physically and mentally fit and are enrolled at least half-time in an institution of higher education. Those students that may participate must be employed at least 20 hours a week (or working under a federal work-study program), be receiving Aid to Families with Dependent Children, be elderly or disabled, or be responsible for the care of a child under the age of six. Students represent less than 2 percent of the Food Stamp population.

Work Requirements. Pub. L. 99-198 requires that, starting on April 1, 1987, every state will be required to operate an employment and training program, which may involve job search, workfare, training, or other types of work activities chosen by the state. (Formerly, programs were optional for states.) Each state will receive a 100 percent federally-funded grant for its employment program. In addition, each state will have to pay half of the costs of reimbursements to participants to cover their expenses up to $25 a month and pay half of any costs beyond those met by the unmatched grants.

States will be subject to implementation standards on the percentage of non-exempt work registrants that must be placed in work programs (though there can be some adjustments in the standards to reflect specific state circumstances which result in lower rates of implementation).

Finally, Pub. L. 99-198 changes the sanctions applied for failure to comply with work requirements. The entire household is disqualified for two months only if it was the primary wage earner who failed to comply. If an individual other than the primary wage earner does not comply, only that individual is subject to a sanction.

Job Search
Service Levels
(in thousands)

Year	Referred for assessment	Performed job search	Disqualified
1981	440	Not available	Not available
1982	277	177	Not available
1983	778 (39 States)	225	70
1984	880 (39 States)	317	104
1985	920 (39 States)	374	91
1986	918 (40 States)	371	101

Reporting Requirements. In addition to those program requirements listed above, certain households must submit a report of their household's circumstances each month to their local Food Stamp office. Under this monthly reporting and retrospective budgeting system, benefits are calculated on the basis of a household's circumstances during a previous month. (Benefits are no longer calculated on the basis of the household's anticipated financial circumstances.) About 35 percent of all households are subject to monthly reporting.

Migrant farmworkers and households where all adult members are elderly or disabled with no earned income are exempt by law from the requirement. They will continue to report changes in circumstances when they occur. A state agency can also request a waiver to retain the traditional prospective budgeting method for households not subject to monthly reporting. Refusal or failure to comply with this requirement could result in the household's removal from the program.

Those households not subject to the monthly reporting requirement are required to report changes in household circumstances within 10 days of the date the change becomes known to the household. Reportable changes include:

- The loss or addition of a household member;
- A change in the source or amount of gross monthly income of more than $25;
- A change in residence and the resulting change in shelter costs;
- Any change of more than $25 for deductible medical expenses;
- The acquisition of a licensed vehicle not fully excludable under program regulations;
- An increase in resources (cash on hand, bank accounts, stocks, bonds, etc.) that results in a total level that reaches or exceeds the maximum limit;

Refusal to Cooperate. A household's participation in the Food Stamp Program may be denied or terminated for refusal to cooperate. A household shall be determined ineligible if it refuses to cooperate during the application process and in any subsequent review of its eligibility, including reviews generated by reported changes, applications for recertification, or as part of the quality control process.

D. Other income a recipient unit is required or expected to spend to receive benefits.

Initially, the Food Stamp Program required eligible households to purchase stamps, with the purchase amount based on other income and the larger face value of stamps based on the household's food needs. In 1977, however, this purchase requirement was removed.

Currently, recipients do not have to pay anything to receive benefits but they are expected to spend 30 percent of their net income on food, in addition to the Food Stamps they receive, in order to obtain a nutritionally-balanced diet.

V. BENEFITS AND SERVICES

A. Program intake processes.

Any person or group of persons living together who are interested in applying for Food Stamps submits an application voluntarily. Applicants for other programs such as AFDC or SSI may be informed of the availability of Food Stamp benefits and may apply jointly for AFDC or SSI benefits and Food Stamps. Some states use an application form with information needed for the various programs for jointly processed cases while other states require separate forms for each program.

The Food Security Act of 1985 amended the Food Stamp Act to allow households in which all members are recipients of AFDC or SSI to be considered categorically eligible for Food Stamps. Categorical eligibility is being tested through FY 1989. Categorically eligible households must, however, still submit an application for Food Stamps to calculate their levels of benefits.

The Food Stamp Program is operated by the state's agency which administers the AFDC program at the local level. Applications must be approved or denied within 30 days. About one-third of all applicants receive expedited service (certification within five days).

B. Program benefits or services.

Recipient households receive Food Stamp benefits on a monthly basis in the form of coupons which may be used at authorized facilities to pay for eligible food items. The household either receives the coupons directly in the mail from the state or receives an authorization to receive coupons which is transacted at a state welfare office, post office, or financial institution such as a bank. The Department is testing a system in which the household's allotment is drawn down at grocery stores electronically. This system eliminates both the authorization documents and coupons. It is operated by automatically debiting recipient accounts and is currently under evaluation. The coupon allotment is based on the size, and net income of the household, and the Thrifty Food Plan. Coupons are issued in denominations of $1, $5 and $10 and are distributed in books with values of $2, $7, $10, $40, $50 and $65.

In most cases, recipients use the Food Stamps in authorized retail grocery stores for eligible food items that are then used for home consumption, or for seeds and plants used to produce food at home. (Food Stamps cannot be used to buy household supplies, ready-to-eat hot foods, alcoholic beverages, or tobacco.) The elderly and disabled may use Food Stamps to obtain food at authorized senior citizens' centers, restaurants that have contracted to sell meals at low prices to the elderly and handicapped, and authorized meal delivery services. Food Stamps may also be used to purchase food to provide meals in certain alcoholic and drug addiction treatment centers, homeless shelters, group homes for the disabled, and homes for battered women and children. Also, certain households in rural Alaska may use Food Stamps to purchase hunting and fishing supplies for subsistence living.

Food Stamp benefits are based on the Thrifty Food Plan (TFP) which is the least costly of four different plans developed by USDA to provide a nutritionally adequate diet. The TFP used to calculate Food Stamp benefits begins with a family of four with a man and woman, ages 20 through 54 and two children, ages 6-8 and 9-11. This amount is adjusted to take into account: (1) household size; (2) special rates for Alaska, Hawaii, Guam, and the Virgin Islands; (3) changes in the cost of food.

From October 1, 1986, through September 30, 1987, the maximum Food Stamp allotment for a family of four was $271 a month. Actual benefit amounts are based on the difference between this amount and 30 percent of the household's net income. One and two person households receive a minimum benefit of $10 a month.

The Department of Agriculture developed the TFP in 1975 and revised it in 1983 to reflect recent food consumption patterns and nutritional requirements. The plan consists of foods of different types (food groups) that families might buy, or obtain from other sources, to provide nutritious meals and snacks for family members. In the plan, amounts of food are suggested for men, women, and children of different ages.

Food in the TFP provides for a nutritionally adequate diet -- one that meets the Recommended Dietary Allowances set in 1974 by the National Academy of Sciences-National Research Council for all nutrients for which adequate, reliable food consumption data were available.

The TFP can provide guidance to those who wish to economize on food purchases. The Cooperative Extension Service (CES) may use it as part of a program of counseling for Food Stamp recipients. In addition, in 1983, the Department of Agriculture conducted a nutrition education project called Making Your Food Dollars Count. A series of workshops was conducted across the country to introduce new USDA meal plans and tips on thrifty shopping. These workshops also helped demonstrate to nutrition

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professionals and community leaders ways to use sample meal plans in counseling low income shoppers.

A number of successful state- and locally-sponsored workshops continued this process. Afterwards, the Department worked on a nationwide extension of the 1983 project. In 1984, the Department conducted Making Your Food Dollars Count, Part II. Its objective was to carry the message on nutrition and shopping skills directly to low income groups, particularly to Food Stamp recipients. To meet this objective, the Department obtained the help of local Food Stamp offices and community groups. The Department continues to receive requests for copies of the publication, Making Your Food Dollars Count. This publication contains low cost recipes and tips on stretching food budgets further. It is available free to Food Stamp recipients and to those working directly with them. It is often available at local Food Stamp offices, although it may be supplied also by food banks, CES workers, and by others.

Food Stamp income eligibility standards and benefits are indexed to changes in various components of the Consumer Price Index (CPI). The Thrifty Food Plan is adjusted for changes in the prices of the appropriate food items collected by the Bureau of Labor Statistics. The standard deduction is adjusted for changes in the CPI for all urban consumers for items other than food and the homeownership component of shelter costs. The excess shelter deduction is adjusted for changes in the CPI (exclusive of the homeownership component).

C. Duration of benefits.

Recipient households are assigned a definite period of eligibility of one to twelve months called a certification period. The minimum certification period is one month for households expecting significant changes in factors related to eligibility, such as employment or household composition. The maximum certification period is twelve months for households with stable circumstances. Other households are usually assigned certification periods of three or six months depending on whether they are subject to monthly reporting and the stability of their circumstances. There is no limit on the number of times a household can be certified to receive benefits.

Data are not available on recipients' length of stay on the Food Stamp Program. Households may be recertified any number of times and may be continuously on the program for a much longer period than a single certification period. Alternately, households may drop out of the program before the expiration of a certification period. Households may also participate for relatively long periods with gaps of only a month or two between certification periods.

However, the average length of participating household's certification periods is 8.9 months, according to the most recent available data on household characteristics. The average certification period for households with elderly members is 10 months and for households with children eight months. Households receiving public assistance have an average certification period of nine months, while those with earned income are certified for an average of six months.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

With certain exceptions, households in which all members are recipients of AFDC or SSI benefits are categorically eligible for Food Stamps through FY 1989. However, persons living in institutions, persons in states which include Food Stamp benefits in the state's supplement to SSI benefits, persons who have been disqualified from receiving Food Stamps because of violations against the program's regulations cannot be considered categorically eligible. Categorically eligible households' benefit levels are still calculated using Food Stamp criteria, and these households must meet the Food Stamp Program criteria for household definition and work requirements.

About one-quarter of all FSP households are categorically eligible for Food Stamps as a result of their AFDC participation. While it is not known how many additional households are categorically eligible due to SSI participation, it is conceivable that as many as 40 percent of all FSP households are categorically eligible (due to AFDC or SSI).

Participation in the Supplemental Security Income (SSI) program in California and Wisconsin precludes participation in the Food Stamp Program. In these two states, SSI recipients receive an additional amount in their SSI payment each month instead of receiving Food Stamps. These SSI recipients receive an automatic flat-grant Food Stamp payment of about $10. Because circumstances vary from household to household, this amount may be more or less than each household would be entitled to under normal processing procedures. Data are not available on these differences.

The cashing-out of Food Stamps for SSI recipients was intended as a special service for the aged and disabled. The consolidation of Food Stamp and state welfare payments in one federal check was viewed as a benefit to SSI recipients who are less able to travel to different offices to apply for and obtain benefits from different programs.

B. Counting assistance from other programs.

Program legislation and rules prohibit the counting of certain payments provided under other programs in the determination of eligibility for the Food Stamp Program.

In addition to various government payments to Native Americans, these exclusions are:

- Benefits received from the Special Supplemental Food Program for Women, Infants and Children (WIC) (Pub. L. 92-443, Section 9);
- Reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970 (Pub. L. 91-646, Section 216);
- Earned income tax credits received before January 1, 1980, as a result of Pub. L. 95-600, the Revenue Act of 1978;
- Payments or allowances made under any federal, state, or local law for the purpose of providing energy assistance (as approved by FNS);
- Any payment to volunteers under Title II (RSVP, Foster Grandparents and others) of the Domestic Volunteer Services Act of 1973 (Pub. L. 93-113), as amended;
- Rent or mortgage payments made to landlords or mortgagees on behalf of the household by the Department of Housing and Urban Development or by state or local housing authorities;
- Educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits and the like to the extent that they are used for tuition and mandatory school fees at an institution of higher education;
- Reimbursement received by households to pay for services provided by Title XX of the Social Security Act;
- Allowances and needs-based payments received under the Job Training Partnership Act;
- Any governmental payments which are designated for the restoration of a home damaged in a disaster (there must be a proviso that the household is subject to a legal sanction if the funds are not used as intended);
- HUD retroactive tax and utility cost subsidy payments issued pursuant to settlement of Underwood and Harris (Civil No. 76-0469) (for the month in which payment was received and for the following month);
- Payments by a government agency to a child care institution to provide day care for a household member.

Benefits received from other programs may or may not be considered income in determining eligibility under the Food Stamp

Program. Program legislation and regulations delineate which payments are to be included and which are to be excluded. If included, as income, these benefits are treated no differently than other sources of unearned income. Therefore, all changes in income would affect a household's benefit level in a similar manner, as described below.

Since a household's Food Stamp benefit level is dependent upon the countable cash income of the household, an increase or decrease in income could result in an increase or decrease in benefits (taking into account any other changes in the household's circumstances, e.g., the addition or loss of a household member or a change in expenses). This occurs because a change in income changes the food buying power of the household and alters the need for assistance in the form of Food Stamps as based on the Thrifty Food Plan.

C. Overlapping authorities and benefits.

The Food Stamp Program is the primary federal program for providing food assistance to all types of low income households. Food Stamps, plus 30 percent of a household's net income, enable households to purchase food at the Thrifty Food Plan level. Food Stamp households are potentially eligible to participate in other food and nonfood assistance programs. The other federal food assistance programs (NSLP, SBP, WIC, CCFP, SFSP, and NPE) target particular groups such as children, pregnant women or the elderly. FNS also administers TEFAP, which largely overlaps the coverage of the Food Stamp Program in so far as it is available to all low income households. A major goal of TEFAP is the reduction of surplus commodities acquired as a result of agricultural price support legislation.

In addition to food assistance programs, other programs provide benefits which could supplement the household's income or food purchasing power. Food Stamp households may be eligible for Aid to Families with Dependent Children, Supplemental Security Income, and other federal cash benefit programs, such as unemployment insurance and Social Security benefits. Cash assistance results in reducing Food Stamp benefits by about 30 percent for each dollar of assistance.

Table 1

Food Stamp Households Receiving Other Benefits: October to December 1984 (Survey of Income and Program Participation)

	Percent of Food Stamp Households
Free or reduced price school lunches	41%
WIC	11%
AFDC	48%
Supplemental Security Income	23%
Medicaid	24%
Unemployment Compensation	4%

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Agriculture, Nutrition and Forestry
    Subcommittee on Nutrition

House of Representatives

The Committee on Agriculture
    Subcommittee on Domestic Marketing, Consumer Relations and Nutrition

B. Appropriating subcommittees.

Senate

Subcommittee on Agriculture, Rural Development and Related Agencies

House of Representatives

Subcommittee on Agriculture, Rural Development and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

House of Representatives

Committee on Government Operations,
    Subcommittee on Government Information, Justice and Agriculture

Committee on Interior and Insular Affairs

Committee on Science and Technology
    Subcommittee on Investigations and Oversight

Select Committee on Hunger

Select Committee on the Elderly

D. Federal legislation.

1964 Food Stamp Act

- Authorized states to establish a Food Stamp Program, if they chose to, in all or part of the state.

1971 Amendments

- Required able-bodied adults to register for work;
- Directed the Secretary of Agriculture to establish uniform national standards for participating households;
- Directed the states to operate "outreach" programs;
- Required the states to begin financing a portion of the program.

1973 Amendments

- Expanded the number of items that could be purchased with Food Stamps;
- Required semiannual adjustment of Food Stamp allotment levels;
- Required total national coverage.

1977 Food Stamp Act

- Repealed the Act of 1964
- Net income limits were set at the poverty line;
- Prohibited the automatic eligibility of all public assistance and SSI households;
- Declared ineligible those students who were or could be claimed as tax dependents, unless their families qualified for Food Stamps;
- Excluded from eligibility all illegal aliens;
- Established a standard deduction and a 20 percent earned income deduction to replace several itemized deductions;
- Provided for expedited service for households with no income;
- Eliminated the purchase requirement whereby a household would pay some money to receive a greater value in Food Stamps;
- Established a minimum benefit;
- Established a voluntary quit penalty.

1978 Insular Territories Authorization Amendment

- Authorized the Secretary to implement the program in the Northern Mariana Islands at the Governor's request.

1979 and 1980 Amendments

- Established a medical deduction for households with elderly and disabled persons;
- Adjusted the Food Stamp allotment, standard deduction, and shelter deduction annually instead of twice yearly;
- Eliminated most post-secondary students from the program;
- Provided for states to receive increases above the regular 50 percent in federal administrative cost sharing under one of three bonus plans for low error rates;
- Established an error rate sanctions system by which states that fail to reduce error rates below specified targets become liable for the cost of all errors above the target.

1981 Omnibus Budget Reconciliation Act

- Set a gross income eligibility standard for all households, except those containing elderly or disabled members, at 130 percent of the poverty line;
- Prohibited strikers from participating unless the household was eligible prior to the strike and prohibited increases in benefits as the result of decrease income due to the strike;
- Considered parents under 60 years of age and children who live together as one household;
- Required states to implement a periodic reporting and retrospective accounting system;
- Eliminated the "outreach" requirement;
- Established a nutrition assistance grant for Puerto Rico;
- Reduced the earned income deduction from 20 to 18 percent.

1981 Amendments

- Required that all household members obtain a Social Security number as a condition of eligibility;
- Provided state or political subdivisions with the option to operate a Food Stamp workfare program.

1982 Omnibus Budget Reconciliation Act

- Considered those households consisting entirely of members who receive AFDC as categorically resource-eligible for Food Stamps;
- Provided states with the option of requiring job search at application;
- Established national error rate liability targets and based liability on administrative costs;
- Provided for expedited service within five days to households with liquid assets less than $100 who have gross income under $150 per month or a destitute or seasonal farmworker household;
- Considered nonelderly/nondisabled siblings who live together as one household.

1984 Deficit Reduction Act

- Required the Secretary of the Treasury to disclose unearned income information to welfare agencies;
- Required all states to establish income and eligibility verification systems using Social Security numbers;
- Required states to have a quarterly wage reporting system in place by September 30, 1988.

1985 Food Security Act

- Expanded the definition of disabled;
- Made households in which all members receive AFDC, SSI, or certain other disability payments categorically eligible for Food Stamps;
- Increased the earned income deduction from 18 to 20 percent;
- Extended standard utility allowances to households which get third-party Low Income Home Energy Assistance Program payments;
- Required all states to provide a means for certifying and issuing Food Stamps to eligible homeless persons;
- Prohibited participation by states in which sales taxes are assessed on Food Stamp transaction;
- Limited mandatory retrospective budgeting and monthly reporting to households with earnings or recent work history;

- Required all states to implement employment and training programs;

- Required the Department to develop a model automation plan for states to begin implementing by October 1, 1988;

- Required a study of the quality control system.

E. Major federal implementing regulations and regulatory changes.

Recent regulatory development has been shaped by the enactment of the Food Security Act of 1985 which impacted a wide spectrum of Food Stamp issues. The following rules were published:

- Community Mental Health Centers, Credits Unions, and Farm Income Offset. This interim rulemaking will allow Food Stamp Program participation by publicly operated community mental health centers which conduct residential programs for drug addicts or alcoholics. It also allows certain federally insured credit unions to redeem Food Stamps and permits farm self-employment losses to be offset against other household income.

- Income and Eligibility Verification System. This final rule requires the implementation of state-level income and eligibility verification systems to access state and federal sources of information about income and other benefits of applicant households. The system will also provide a means to exchange information among the states.

- Administrative Review Procedures and QC Arbitration. This proposed rule is designed to streamline the procedures state agencies and FNSL will follow when state agencies exercise their right to appeal claims and sanctions resulting from adverse Quality Control findings.

- Issuance and Issuance Liability Rules. This proposed rulemaking would revise current rules pertaining to the issuance of Food Stamp benefits and the liabilities that can result therefrom and would implement issuance provisions from the Food Security Act of 1985. Included in this rulemaking are policy changes pertaining to replacement requirements, issuance reconciliation procedures, the staggering of issuances, liabilities related to the use of authorizations-to-participate, issuance agents, alternate issuance systems, photo identification cards, and mail issuance.

- Bank Fees. This rule implements the Congressional mandate that financial institutions which process Food Stamp deposits for retail grocery stores not charge any fees for this activity.

- Alaska Thrifty Food Plan. This final rule established allotment levels for urban and rural areas of Alaska.

- Eligibility, Certification and Notice Provisions and Technical Amendments. These final regulations are the result of efforts to streamline existing regulations in order to reduce program costs and simplify administration. This action also includes technical amendments enacted by the Food Security Act of 1985 and additional technical amendments for corrections and changes to certain sections of the regulations.

- Provisions on Earned Income, Shelter and Dependent Care Deductions, Resource Limits and Sales Tax on Food Stamp Purchases. This final rulemaking amends Food Stamp Program regulations to implement provisions of the Food Security Act within legislated time constraints.

- The Food Security Act of 1985 -- Nondiscretionary Provisions. This final rule implements nondiscretionary provisions in the Food Security Act of 1985. This rule also includes statutory waiver provisions pertaining to the Monthly Reporting/Retrospective Budgeting system.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (in thousands)
10.551 FOOD STAMPS

	Federal Benefits	(1)	ADMINISTRATION Federal	ADMINISTRATION State-local	"OTHER" Funds Spent Under This Program Authority Federal		Total	
United States	$10,775,430		$853,325	$831,475	$72,418	(2)	$12,532,649	(3)
Alabama	$318,822		$14,625	$17,933			$351,380	
Alaska	$24,633		$4,872	$4,253			$33,757	
Arizona	$121,397		$18,382	$14,300			$154,078	
Arkansas	$125,990		$9,428	$8,544			$143,962	
California	$641,400		$96,090	$91,165			$828,655	
Colorado	$94,162		$4,788	$5,544			$104,494	
Connecticut	$62,382		$8,076	$7,115			$77,573	
Delaware	$21,626		$1,638	$1,663			$24,927	
D. C.	$40,091		$5,456	$4,635			$50,183	
Florida	$368,745		$27,313	$25,536			$421,594	
Georgia	$290,205		$26,742	$25,798			$342,745	
Hawaii	$93,098		$4,985	$4,205			$102,288	
Idaho	$35,763		$2,885	$2,533			$41,181	
Illinois	$714,655		$25,918	$36,189			$776,762	
Indiana	$242,119		$13,107	$12,683			$267,909	
Iowa	$107,534		$8,591	$8,165			$124,290	
Kansas	$64,468		$4,963	$4,368			$73,798	
Kentucky	$332,757		$15,168	$14,625			$362,550	
Louisiana	$366,829		$22,803	$22,434			$412,066	
Maine	$62,019		$4,533	$4,028			$70,580	
Maryland	$171,990		$18,201	$17,101			$207,291	
Massachusetts	$173,296		$19,653	$18,097			$211,046	
Michigan	$542,717		$22,172	$30,535			$595,424	
Minnesota	$104,829		$11,111	$10,582			$126,522	
Mississippi	$264,329		$12,791	$12,284			$289,404	
Missouri	$212,584		$16,808	$16,309			$245,701	
Montana	$31,216		$2,382	$2,591			$36,188	
Nebraska	$44,200		$3,775	$3,495			$51,470	
Nevada	$21,677		$2,155	$2,199			$26,031	
New Hampshire	$14,656		$1,457	$1,413			$17,526	
New Jersey	$260,662		$28,069	$24,708			$313,438	
New Mexico	$88,462		$8,590	$7,063			$104,115	
New York	$941,496		$112,769	$110,506			$1,164,770	
N. Carolina	$237,456		$19,972	$18,699			$276,127	
N. Dakota	$15,787		$1,689	$1,641			$19,116	
Ohio	$701,050		$28,693	$29,292			$759,035	
Oklahoma	$133,887		$12,540	$11,966			$158,394	
Oregon	$142,085		$11,454	$10,999			$164,538	
Pennsylvania	$547,789		$33,815	$33,892			$615,496	
Rhode Island	$35,244		$2,752	$2,688			$40,684	
S. Carolina	$194,583		$15,701	$13,780			$224,064	
S. Dakota	$25,928		$3,233	$2,294			$31,455	
Tennessee	$281,074		$22,088	$21,122			$324,284	
Texas	$702,441		$65,349	$63,938			$831,728	
Utah	$39,785		$4,547	$4,031			$48,363	
Vermont	$20,110		$1,265	$1,679			$23,054	
Virginia	$189,272		$14,442	$14,258			$217,972	
Washington	$140,780		$13,033	$11,985			$165,798	
W. Virginia	$159,661		$5,715	$5,145			$170,522	
Wisconsin	$148,313		$9,921	$8,606			$166,840	
Wyoming	$14,904		$1,546	$1,455			$17,904	
Guam	$18,355		$577	$546			$19,478	
N. Mariana Is.	$3,006		$677	$0			$3,683	
Virgin Islands	$23,110		$847	$861			$24,818	

Data Sources: Food and Nutrition Service, USDA.

(1) Benefits are coupon issuance.
(2) Includes such items as coupon printing storage and delivery to states; bank monitoring; computer monitoring; computer support; certification of SSI recipients; etc.
Comparable state data not available.
(3) U.S. total exceeds sum of state totals by $72,418(000) - the other federal costs.
Does not include $47,423(000) for federal administration.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands)
10.551 FOOD STAMPS

	Federal Benefits	(1)	ADMINISTRATION		"OTHER" Funds Spent Under This Program Authority		Total	
			Federal	State-local	Federal			
United States	$10,739,520		$731,089	$765,252	$90,414	(2)	$12,328,275	(3)
Alabama	$320,328		$17,886	$17,198			$355,410	
Alaska	$19,989		$3,270	$3,840			$27,100	
Arizona	$127,522		$14,227	$11,649			$153,397	
Arkansas	$138,414		$7,817	$7,794			$154,026	
California	$661,995		$82,040	$87,800			$831,836	
Colorado	$93,508		$5,528	$5,598			$104,634	
Connecticut	$65,171		$8,426	$7,353			$80,950	
Delaware	$24,473		$1,418	$1,458			$27,349	
D. C.	$42,453		$4,388	$4,847			$51,688	
Florida	$380,187		$22,232	$22,281			$424,701	
Georgia	$296,681		$21,874	$25,037			$343,592	
Hawaii	$79,916		$2,871	$3,203			$85,990	
Idaho	$36,662		$2,598	$2,236			$41,494	
Illinois	$698,279		$24,218	$28,506			$751,003	
Indiana	$254,267		$13,480	$13,927			$281,674	
Iowa	$104,410		$7,241	$7,109			$118,761	
Kansas	$67,615		$3,620	$4,055			$75,290	
Kentucky	$336,062		$14,171	$14,128			$364,362	
Louisiana	$324,207		$20,616	$21,405			$366,228	
Maine	$63,867		$3,128	$3,610			$70,605	
Maryland	$169,483		$15,639	$16,456			$201,578	
Massachusetts	$182,975		$13,833	$16,123			$212,930	
Michigan	$581,572		$29,007	$27,608			$638,187	
Minnesota	$98,506		$9,213	$9,799			$117,518	
Mississippi	$258,396		$10,666	$11,794			$280,856	
Missouri	$210,049		$14,208	$15,300			$239,556	
Montana	$29,391		$1,781	$2,056			$33,229	
Nebraska	$41,133		$2,701	$3,050			$46,883	
Nevada	$21,158		$1,939	$2,008			$25,105	
New Hampshire	$17,583		$2,268	$1,808			$21,655	
New Jersey	$265,167		$23,626	$22,997			$311,790	
New Mexico	$85,778		$6,702	$6,592			$99,072	
New York	$905,699		$94,067	$101,755			$1,101,521	
N. Carolina	$238,610		$18,069	$17,807			$274,486	
N. Dakota	$14,614		$2,041	$1,555			$18,210	
Ohio	$682,062		$23,278	$24,716			$730,057	
Oklahoma	$122,029		$11,476	$11,788			$145,293	
Oregon	$142,097		$8,552	$9,003			$159,652	
Pennsylvania	$562,260		$29,934	$32,009			$624,203	
Rhode Island	$36,942		$2,363	$2,515			$41,820	
S. Carolina	$203,402		$13,147	$13,127			$229,676	
S. Dakota	$24,401		$2,300	$1,987			$28,688	
Tennessee	$290,357		$18,903	$19,431			$328,691	
Texas	$667,747		$53,302	$55,943			$776,992	
Utah	$40,635		$3,750	$3,888			$48,273	
Vermont	$22,995		$1,323	$1,398			$25,716	
Virginia	$199,098		$12,269	$13,047			$224,415	
Washington	$135,493		$8,348	$10,197			$154,038	
W. Virginia	$152,342		$4,168	$4,527			$161,037	
Wisconsin	$141,696		$8,425	$9,365			$159,486	
Wyoming	$14,066		$834	$958			$15,859	
Guam	$18,603		$482	$581			$19,666	
N. Mariana Is.	$2,984		$634	$0			$3,618	
Virgin Islands	$24,190		$793	$1,032			$26,016	

Data Sources: Food and Nutrition Service, USDA

(1) Benefits are coupon issuance.
(2) Includes such items as coupon printing storage and delivery to States; bank monitoring; computer monitoring; computer support; certification of SSI recipients; etc.
Comparable State data not available.
(3) U.S. Total exceeds sum of State totals by $90,414(000) - the other federal costs.
Does not include $46,875(000) for federal administration.

IX. A. FY 85 RECIPIENT CHARACTERISTICS (in thousands)
10.551 FOOD STAMPS

	Households Served	(1)	All Persons	(2)
United States	7,332		19,907	
Alabama	208		588	
Alaska	7		22	
Arizona	68		206	
Arkansas	90		253	
California	551		1,616	
Colorado	63		170	
Connecticut	55		145	
Delaware	15		40	
D. C.	30		72	
Florida	239		630	
Georgia	196		567	
Hawaii	37		99	
Idaho	20		59	
Illinois	430		1,110	
Indiana	136		406	
Iowa	76		203	
Kansas	45		119	
Kentucky	191		560	
Louisiana	211		644	
Maine	46		114	
Maryland	116		291	
Massachusetts	141		337	
Michigan	408		985	
Minnesota	90		228	
Mississippi	159		495	
Missouri	128		362	
Montana	21		58	
Nebraska	34		94	
Nevada	14		32	
New Hampshire	12		28	
New Jersey	170		464	
New Mexico	50		157	
New York	754		1,835	
N. Carolina	172		474	
N. Dakota	11		33	
Ohio	445		1,133	
Oklahoma	100		263	
Oregon	94		228	
Pennsylvania	411		1,032	
Rhode Island	29		69	
S. Carolina	127		373	
S. Dakota	15		48	
Tennessee	187		518	
Texas	393		1,263	
Utah	25		75	
Vermont	16		44	
Virginia	137		360	
Washington	111		281	
W. Virginia	93		278	
Wisconsin	129		363	
Wyoming	10		27	
Guam	5		20	
N. Mariana Is.	1		4	
Virgin Islands	8		32	

Data Sources: Food and Nutrition Service, USDA.

(1) Based on mean monthly caseload.
(2) Persons served estimated by multiplying households served by 2.7, the average household size for FY 85.

IX. B. FY 84 RECIPIENT CHARACTERISTICS (in thousands)
10.551 FOOD STAMPS

		Households Served	(1)	All Persons	(2)
United States		7,608		20,867	
Alabama		216		624	
Alaska		7		22	
Arizona		74		223	
Arkansas		102		295	
California		576		1,680	
Colorado		67		181	
Connecticut		60		158	
Delaware		17		45	
D. C.		33		78	
Florida		261		699	
Georgia		206		602	
Hawaii		38		99	
Idaho		22		63	
Illinois		431		1,141	
Indiana		150		451	
Iowa		78		207	
Kansas		49		130	
Kentucky		198		593	
Louisiana		199		612	
Maine		48		119	
Maryland		120		302	
Massachusetts		149		359	
Michigan		441		1,072	
Minnesota		90		239	
Mississippi		161		509	
Missouri		142		405	
Montana		21		58	
Nebraska		33		92	
Nevada		15		34	
New Hampshire		15		35	
New Jersey		186		503	
New Mexico		51		163	
New York		765		1,872	
N. Carolina		179		506	
N. Dakota		11		31	
Ohio		453		1,177	
Oklahoma		99		264	
Oregon		97		237	
Pennsylvania		432		1,101	
Rhode Island		31		76	
S. Carolina		134		403	
S. Dakota		15		48	
Tennessee		201		563	
Texas		384		1,254	
Utah		27		79	
Vermont		20		50	
Virginia		147		398	
Washington		111		279	
W. Virginia		93		284	
Wisconsin		129		361	
Wyoming		9		26	
Guam		5		22	
N. Mariana Is.		1		5	
Virgin Islands		9		36	

Data Sources: Food and Nutrition Service, USDA.

(1) Based on mean monthly caseload.
(2) Persons served estimated by multiplying households served by 2.8, the average household size in FY 84.

X. A. MEAN FY 85 COSTS PER UNIT SERVED
10.551 FOOD STAMPS

	Benefits	(1)	Administration	(1)	Other" Funds Spent Under This Program Authority	(1)	Total	(1)
United States	$1,470		$230		$4	(2)	$1,709	
Alabama	$1,533		$157				$1,689	
Alaska	$3,519		$1,304				$4,822	
Arizona	$1,785		$481				$2,266	
Arkansas	$1,400		$200				$1,600	
California	$1,164		$340				$1,504	
Colorado	$1,495		$164				$1,659	
Connecticut	$1,134		$276				$1,410	
Delaware	$1,442		$220				$1,662	
D. C.	$1,336		$336				$1,673	
Florida	$1,543		$221				$1,764	
Georgia	$1,481		$268				$1,749	
Hawaii	$2,516		$248				$2,765	
Idaho	$1,788		$271				$2,059	
Illinois	$1,662		$144				$1,806	
Indiana	$1,780		$190				$1,970	
Iowa	$1,415		$220				$1,635	
Kansas	$1,433		$207				$1,640	
Kentucky	$1,742		$156				$1,898	
Louisiana	$1,739		$214				$1,953	
Maine	$1,348		$186				$1,534	
Maryland	$1,483		$304				$1,787	
Massachusetts	$1,229		$268				$1,497	
Michigan	$1,330		$129				$1,459	
Minnesota	$1,165		$241				$1,406	
Mississippi	$1,662		$158				$1,820	
Missouri	$1,661		$259				$1,920	
Montana	$1,486		$237				$1,723	
Nebraska	$1,300		$214				$1,514	
Nevada	$1,548		$311				$1,859	
New Hampshire	$1,221		$239				$1,460	
New Jersey	$1,533		$310				$1,844	
New Mexico	$1,769		$313				$2,082	
New York	$1,249		$296				$1,545	
N. Carolina	$1,381		$225				$1,605	
N. Dakota	$1,435		$303				$1,738	
Ohio	$1,575		$130				$1,706	
Oklahoma	$1,339		$245				$1,584	
Oregon	$1,512		$239				$1,750	
Pennsylvania	$1,333		$165				$1,498	
Rhode Island	$1,215		$188				$1,403	
S. Carolina	$1,532		$232				$1,764	
S. Dakota	$1,729		$368				$2,097	
Tennessee	$1,503		$231				$1,734	
Texas	$1,787		$329				$2,116	
Utah	$1,591		$343				$1,935	
Vermont	$1,117		$164				$1,281	
Virginia	$1,382		$209				$1,591	
Washington	$1,268		$225				$1,494	
W. Virginia	$1,717		$117				$1,834	
Wisconsin	$1,150		$144				$1,293	
Wyoming	$1,490		$300				$1,790	
Guam	$3,671		$225				$3,896	
N. Mariana Is.	$3,006		$677				$3,683	
Virgin Islands	$2,889		$213				$3,102	

Data Sources: Food and Nutrition Service, USDA.

(1) Spending from VIII.A. divided by households from IX.A.
(2) State breakdown of other costs is not available.

X. B. MEAN FY 84 COSTS PER UNIT SERVED
10.551 FOOD STAMPS

	Benefits	(1)	Administration	(1)	Other Funds Spent Under This Program Authority	(1)	Total	(1)
United States	$1,412		$221		$4	(2)	$1,620	
Alabama	$1,483		$151				$1,645	
Alaska	$2,856		$1,304				$3,871	
Arizona	$1,723		$442				$2,073	
Arkansas	$1,357		$176				$1,510	
California	$1,149		$325				$1,444	
Colorado	$1,396		$154				$1,562	
Connecticut	$1,086		$253				$1,349	
Delaware	$1,440		$194				$1,609	
D. C.	$1,286		$306				$1,566	
Florida	$1,457		$202				$1,627	
Georgia	$1,440		$255				$1,668	
Hawaii	$2,103		$242				$2,263	
Idaho	$1,666		$246				$1,886	
Illinois	$1,620		$144				$1,742	
Indiana	$1,695		$172				$1,878	
Iowa	$1,339		$215				$1,523	
Kansas	$1,380		$190				$1,537	
Kentucky	$1,697		$150				$1,840	
Louisiana	$1,629		$227				$1,840	
Maine	$1,331		$178				$1,471	
Maryland	$1,412		$294				$1,680	
Massachusetts	$1,228		$253				$1,429	
Michigan	$1,319		$120				$1,447	
Minnesota	$1,095		$241				$1,306	
Mississippi	$1,605		$156				$1,744	
Missouri	$1,479		$233				$1,687	
Montana	$1,400		$237				$1,582	
Nebraska	$1,246		$220				$1,421	
Nevada	$1,411		$290				$1,674	
New Hampshire	$1,172		$191				$1,444	
New Jersey	$1,426		$284				$1,676	
New Mexico	$1,682		$307				$1,943	
New York	$1,184		$292				$1,440	
N. Carolina	$1,333		$216				$1,533	
N. Dakota	$1,329		$303				$1,655	
Ohio	$1,506		$128				$1,612	
Oklahoma	$1,233		$248				$1,468	
Oregon	$1,465		$231				$1,646	
Pennsylvania	$1,302		$157				$1,445	
Rhode Island	$1,192		$175				$1,349	
S. Carolina	$1,518		$220				$1,714	
S. Dakota	$1,627		$368				$1,913	
Tennessee	$1,445		$215				$1,635	
Texas	$1,739		$337				$2,023	
Utah	$1,505		$318				$1,788	
Vermont	$1,150		$147				$1,286	
Virginia	$1,354		$195				$1,527	
Washington	$1,221		$225				$1,388	
W. Virginia	$1,638		$117				$1,732	
Wisconsin	$1,098		$144				$1,236	
Wyoming	$1,563		$333				$1,762	
Guam	$3,721		$225				$3,933	
N. Mariana Is.	$2,984		$677				$3,618	
Virgin Islands	$2,688		$190				$2,891	

Data Sources: Food and Nutrition Service, USDA

(1) Spending from VIII.B. divided by households from IX.B.
(2) State breakdown of other costs is not available.

XI. HISTORICAL DATA (in thousands)
10.551 FOOD STAMPS

Federal Fiscal Year		Total Federal Spending	(1)	Total State-Local Spending		Households Served	Persons Served	Federal Staff	(2)
1985		$11,701,174		$831,475		7,332	19,907	1,283	
1984		$11,561,023		$765,252		7,608	20,854	1,309	
1983		$11,839,239		$579,159		7,800	21,621	1,361	
1982		$10,137,340		$527,208		7,400	20,300	1,356	
1981		$11,252,902		$476,979		7,600	20,600	1,515	
1980		$9,117,136		$206,753	(3)	7,000	19,200	1,517	
1979		$6,821,746				5,500	15,900	1,459	
1978		$5,498,775					14,400	1,425	
1977		$5,398,795					15,600	1,597	
1976	(4)	$5,631,954					17,000	1,872	
1975		$4,598,956					16,300	1,681	
1974		$2,844,815					12,862	1,525	
1973		$2,207,532					12,166	1,449	
1972		$1,909,166					11,109	1,342	
1971		$1,567,767					9,368	1,314	
1970		$576,810					4,340	1,128	
1969		$247,766					2,878	1,001	
1968		$184,727					2,210		
1967		$114,095					1,447		
1966		$69,491					864		
1965		$34,395					425		
1964		$30,015					367		
1963		$20,000					226		
1962		$14,292					143		
1961		$658					50		
1960									

Data Sources: Food and Nutrition Service, USDA.

(1) 1982-1985 data excludes Puerto Rico.
(2) Not in thousands.
(3) Earlier state-local spending figures not available.
(4) Includes $1,325(000) for the Transition Quarter.

NATIONAL SCHOOL LUNCH PROGRAM

I. PROGRAM SUMMARY

The National School Lunch Program (NSLP) assists states to provide subsidized school lunch programs for participating school children. Within broad federal requirements, state educational agencies administer the NSLP through agreements with local schools or school districts.

In FY 1985, the NSLP served about 3.9 billion lunches at a total federal cost of about $3.4 billion and state/local costs of about $206 million. About 80 percent of the total was used for free and reduced price lunches. The total amount of federal funding for each state in a fiscal year is the sum of the products obtained by multiplying the number of eligible free, reduced price, and paid lunches served by the applicable national payment rate for each category.

All lunches for which NSLP payments are provided must meet nutritional requirements specified in federal regulations. These requirements for minimum quantities and food components are intended to approximate one-third of the recommended dietary allowance for children when averaged over a period of time.

Any public school of high school grade or under is eligible to participate in NSLP, as are private, nonprofit schools of high school grade or under. Public or private licensed and nonprofit residential child care institutions, such as orphanages, are also eligible to participate in the program.

In order to be eligible for free lunches, the student's household must have a gross annual income no higher than 130 percent of the federal poverty guidelines; students from households with gross annual incomes no higher than 185 percent of the federal poverty guidelines are eligible for lunches at reduced prices. (However, lunches sold to upper income students at what is termed full price also receive a subsidy.) Eligibility determinations are made by an official at each school and are based on information provided on an application submitted by the student's parent or guardian. About nine in ten school-age children have access to NSLP services.

II. ADMINISTRATION

A. Program name: National School Lunch Program.

B. Catalog of Federal Domestic Assistance No.: 10.555
Budget account number(s): 12-3539-0-1-605.

C. Current authorizing statute: National School Lunch Act of 1946 as amended.

D. Location of program regulations in the Code of Federal Regulations: 7 CFR Part 210; 7 CFR Part 245.

E. Federal administering agency: Food and Nutrition Service, Department of Agriculture.

F. Primary grantee (if any) receiving program funds to provide benefits: States.

G. Subgrantee (if any) receiving program funds to provide benefits: Private nonprofit schools; school districts.

H. Allocation of federal funds.

General assistance funds are made available under Section 4 of the National School Lunch Act (NSLA) for payments to state agencies for lunches served to all children under the program. The total amount of these payments for each state for any fiscal year is the total number of program lunches served multiplied by the applicable national payment rate. As a supplement to general assistance funds, additional funds are made available for special assistance payments under Section 11 of the NSLA. These funds are provided to state agencies for lunches served free or at a reduced price to eligible children under the program.

Funds paid to any state for general cash-for-food assistance or special cash assistance are usually made available by means of a Grant Award and Letter of Credit issued by FNS in favor of the state agency. State agencies are required to use these funds to reimburse school food authorities for eligible program lunches served during each fiscal year.

For each school year, each state agency is required to match by appropriating or using specifically for the National School Lunch Program (NSLP), no less than 30 percent of the funds received by that state under Section 4 of the NSLA during the school year beginning July 1, 1980. If the state's per capita income is below the national average for any given school year, this matching requirement is proportionately reduced.

The NSLP is considered to be an entitlement program. To the extent funds are available, state agencies are reimbursed based on the total number of eligible lunches served under the program.

Commodity entitlement for the NSLP is authorized by Section 6 of the National School Lunch Act, as amended. Each state receives USDA commodity assistance for the NSLP in an amount determined by multiplying the current commodity assistance rate times the total number of lunches served in participating schools. The commodity assistance rate is adjusted and announced annually for the new school year period, July 1 to June 30. The annual adjustment is based on the changes in the Consumer Price Index series for Food Used in Schools and Institutions, as specified in Section 6(e) of the National School Lunch Act. The current per-meal commodity assistance rate for the period July 1, 1986 through June 30, 1987 is 11.25 cents for each lunch served in the NSLP.

In addition to the entitlement levels received by each state, states also receive federally-purchased commodities available as the result of surplus removal or price support activities. These are called bonus commodities.

I. Role of state and local governments in administering the program.

Within each state, the state educational agency administers the program through agreements made with local schools or school districts. In certain residential child care institutions and private schools, the program is administered by an FNS regional office or by an alternate state agency. Alternate agencies are designated by the Governor or other appropriate executive or legislative authority of the state and approved by USDA. Currently, there are only three alternate agencies administering the NSLP -- all three are human service agencies.

State agencies are responsible for the overall administration of the program in schools. They disseminate to school food authorities funds, policy, and technical assistance. State agencies receive State Administrative Expense (SAE) funds from the Department to pay for salaries, office equipment, training, and travel related to the administration of the program and to carry out program objectives. Funds can be used only for allowable costs and indirect costs as defined by OMB circulars.

Each year, a state must submit an SAE Plan for meeting its administrative responsibilities under the program. The plan requirements have been revised for Fiscal Year 1987 and include the following: (1) a budget for the forthcoming fiscal year showing projected amounts by cost category and funding source, the total forthcoming fiscal year SAE allocation, and the estimated total SAE carryover for the current fiscal year; (2) a staffing plan providing the number of state personnel employed for specific administrative functions; (3) a description of planned activities for the utilization of state and federal funds in the upcoming fiscal year. Activities include such things as program monitoring, technical assistance, federal reporting and claims processing, policy implementation, and allocation of foods to recipient agencies.

At the local level, the schools operate the program on a day-to-day basis. Each year, school food authorities submit an application to the state agency and enter into an agreement with the state agency or FNS regional office agreeing to: (1) operate the food service for all students without regard to race, color, national origin, sex, age, or handicap; (2) provide free and reduced price lunches to students unable to pay the full price based on income eligibility criteria; (3) serve lunches that meet the nutritional standards established by the Secretary; and (4) operate the food service on a nonprofit basis.

J. Audit or quality control.

The FNS provides guidelines for the operation and administration of the NSLP. The Assessment, Improvement, and Monitoring System (AIMS) sets forth four interrelated Performance Standards against which state agencies can measure compliance with program requirements. AIMS consists of structured reviews of local administering agencies, a formalized plan of action for correcting problems identified, requirements for claims assessments against local administering entities that fail to correct deficiencies identified, and a means by which a state agency's State Administrative Expense funds may be reduced for failure to comply with AIMS standards.

The Performance Standards include: (1) all applications for free and reduced price meals are correctly approved or denied; (2) the numbers of free and reduced price meals claimed for reimbursement in each school are less than or equal to the number of children in that school correctly and currently approved for free and reduced price meals, respectively, times the days of operation for the reporting period; (3) the system for counting and recording meal totals for paid, free, and reduced price meals claimed for reimbursement at local administering levels, yields correct claims; and (4) meals claimed for reimbursement contain food components as required by regulations.

In addition, starting in school year 1983-84, school districts are required to verify the validity of a sample of approved meal benefit applications. The goal of these verification efforts is to deter and identify applicant misreporting. The most recent information regarding erroneous payments relates to program operations during the 1982-83 school year, when an income verification pilot study tested several options, one of which was very similar to current program rules. Using the data from the study, 11.7 percent of the applicants received excess benefits while 2.3 percent received underpayments. In FY 1986, these error rates would translate into excess payments of $108 million and underpayments of $13 million or 3.5 and .5 percent of program costs, respectively. This would be a net error payment of $95 million or 3.1 percent of program costs.

(1) Focused Sampling - The focused sampling method requires the verification of the lesser of 1 percent or 1,000 of the total approved applications, selected from the approved applications of non-Food Stamp households, plus the lesser of .5 percent or 500 approved applications with Food Stamp case numbers reported.

(2) Random Sample - The random sampling method requires the verification of the lesser of 3 percent or 3,000 of the approved applications selected randomly.

A study now underway will examine income verification practices and outcomes in the NSLP. It represents the first nation-wide analysis of this issue since 1983, when USDA initially required school food authorities to verify household income of applicants for free and reduced price meals. The study objectives are to determine the: (a) types of income verification practices used; (b) effect of verification upon detection of applicant misreporting; (c) amount of applicant misreporting deterred; (d) barrier effect of income verification; (e) comparative effectiveness of various income verification procedures; (f) federal program savings; and (g) costs associated with the implementation of different procedures.

The General Accounting Office recently completed an examination of error rates in the NSLP and developed an estimate of federal funds spent in error. Their estimate ranged from $107 million, based on the applications actually verified, to $500 million, which includes counting as an error benefits provided to households that did not respond to requests for documentation.

In addition to the GAO Study, three other studies have examined excess benefits under the NSLP. All three were performed prior to the final rule requiring income verification and each used different methods to examine the issue. The GAO study was an audit of a sample of NSLP households. The National Evaluation of School Nutrition Programs compared a sample of household income interviews with applications on file. The Income Verification Study measured error in a nonrandom sample of sites.

The Office of Inspector General (OIG) released an income verification survey it performed to: (1) determine the effectiveness of income regulations issued by FNS; (2) compile results of verifications performed by the Chicago School District; and (3) ascertain whether wage matching, where possible, should be required. As a result of the survey, OIG made several recommendations to FNS to further strengthen the controls in the income verification process.

Study	Number of Schools	Number of Households Audits	Nationally Representative	Percent of applications approved for excess benefits
Inspector General May 1980	220	750	Yes	25.7
National Evaluation of School Nutrition Programs October 1980	276	6,556	Yes	21.9
Income Verification May 1982	54	741	No	17.5

Penalties may be imposed on state and local administering entities for noncompliance with the NSLP requirements. These penalties range from administrative remedies, through funding reductions (including fund recoveries) to, in extreme cases, terminating program participation. These include sanctions of part or all of State Administrative Expense funds for failing to meet AIMS requirements. For the participating children, the penalty would be the loss of free and reduced price meals when the initially approved application for free and reduced price meals is later determined to be improper. With the exception of children losing free or reduced meal benefits due to income verification results, no other sanctions or penalties have been established. FNS has, however, pursued and recovered overclaims against state agencies claiming more reimbursement than they were entitled to.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

Section 2 of the NSLA states: "It is hereby declared to be the policy of Congress, as a measure of national security, to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities and other food, by assisting the states, through grants-in-aid and other means, in providing an adequate supply of foods and other facilities for the establishment, maintenance, operations, and expansion of nonprofit school-lunch programs."

NSLP regulations further these objectives by requiring participating schools to serve lunches that are nutritionally adequate, and to coordinate the school's health/education activities to the end that participating children gain a full understanding of the relationship between proper eating and good health.

B. Allocation of program funds among activities.

Section 4 funds are made available to state agencies for payments amounting to the total number of all program lunches served multiplied by applicable payment rates.

Additional Section 11 funds are made available to state agencies for the payment of lunches served free or at a reduced price to eligible children. The total of these Section 11 payments for each state is the sum of: (1) The total number of lunches served free to eligible children during the fiscal year, multiplied by the applicable special assistance payment rates for free lunches; and (2) the total number of lunches served at a reduced price to eligible children during the fiscal year, multiplied by the applicable special assistance payment rates for reduced price lunches. Reimbursement rates average participation, and costs are summarized below.

	Free	Reduced Price	Full Price
Reimbursement Rates in Dollars/1.	1.3025	.9025	.1250
Dollars Spent/2.	2,277.8	248.2	475.0
Average Daily Participation/3.	9.9	1.6	12.1

1. Rates in effect 7/1/85 - 6/30/86 in Contiguous States in school districts which served less than 60 percent free and reduced price meals in School Year 1982-83. Rate includes commodity assistance rate of $0.1175.

2. In millions of dollars. Includes value of entitlement commodities. Doesn't include $28.2 million in extra Section 4 payments for school districts which served 60 percent or more free and reduced price meals in School Year 1982-83, bonus commodities of approximately $361 million, or the effect of higher reimbursement rates for Alaska and Hawaii.

3. In millions.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Any student attending an institution participating in the NSLP is eligible to participate in the program. Eligibility for free or reduced price status depends upon the income of a student's household.

B. Income eligibility standards.

In order to be eligible to receive free lunches, the household's gross annual income must be no higher than 130 percent of the federal poverty guidelines. In order to be eligible to receive reduced price lunches, the household's gross annual income must fall between 131 percent and 185 percent of the federal poverty guidelines.

Eligibility is determined on the basis of gross income from all sources. Gross income includes all earned cash income before deductions. No disregards, deductions, or discounts are considered. In the case of farm and non-farm self-employed persons, eligibility is determined on the basis of net income, i.e., gross receipts minus operating expenses.

Gross income also includes all unearned cash income except income received from any federal program that excludes such income by legislative prohibition, loans, the value of in-kind compensation, and student financial assistance. No other disregards, deductions, or discounts are considered.

Gross income does not include any benefits received under any federal programs which are excluded from consideration as income by legislative prohibition. These programs include but are not limited to: all programs covered under the National School Lunch Act (NSLP, CCFP, FD, SFSP), the Child Nutrition Act of 1966 (SMP, SBP, WIC), and the Food Stamp Act of 1977 (FSP); reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; any payments to volunteers under Title I and II of the Domestic Volunteer Service Act of 1973 to the extent excluded by that Act; payment to volunteers under section 8(b)(1)(B) of the Small Business Act; income derived from certain sub-marginal land of the United States which is held in trust for certain Indian tribes (25 U.S.C. 459e); payments received under the Job Training Partnership Act; income derived from the disposition of funds to the Grand River Band of Ottawa Indians; payments received under the Alaska Native Claims Settlement Act; payments by the Indian Claims Commission to the Confederated Tribes and bands of the Yakima Indian Nation or the Apache Tribe of the Mescalero Reservation; payments to the Passamaquoddy Tribe and the Penobscot Nation or any of their members received pursuant to the Maine Indian Claims Settlement

Act of 1980; and payments or allowances received pursuant to the Home Energy Assistance Act of 1980.

No limitations are placed on a household's assets.

C. Other eligibility standards.

There are no job search or work requirements. In fact, regulations prohibit participating schools from requiring children receiving free or reduced price lunches or any member of their household to supply an equivalent value in work for the school or the school's food service.

Section 9 of the NSLA requires all eligibility determinations to be made on the basis of a complete application executed by an adult household member. A complete application includes the names of all household members, social security numbers of each adult household member, household income received by each household member identified by source of income and total household income, and the signature of an adult member of the household. Section 9 of the NSLA allows Food Stamp and AFDC households to provide abbreviated information.

Submission of an incomplete free and reduced price application by an otherwise eligible household would preclude participation. Failure to cooperate with efforts to verify the information on the application would result in the termination of free or reduced price benefits.

D. Other income a recipient unit is required or expected to spend to receive benefits.

In order to receive a reduced price lunch, an eligible child is expected to pay an amount, determined by the school food authority, which by law can not exceed 40 cents.

V. BENEFITS AND SERVICES

A. Program intake processes.

Any public school of high school grade or under is eligible to participate in the NSLP. Any nonprofit, private school of high school grade or under. Licensed, residential child care institutions (RCCIs) such as orphanages, homes for retarded children, and temporary shelters for runaway children are also eligible.

All children in participating institutions are eligible to receive NSLP benefits. Except for RCCIs, participation is voluntary for each individual. Applications must be filed to receive meals free or at reduced price.

RCCIs are likely to have rules of admission more restrictive than NSLP eligibility rules. RCCIs include juvenile detention centers, and homes for the mentally retarded and emotionally disturbed. Children are in residence, and, as such, have no alternative to eating the lunch provided. This contrasts with the nonresidential school setting in which children may bring lunch from home or leave the school grounds during the lunch service period.

B. Program benefits or services.

Participants in the program are entitled to receive nutritious lunches either free, at a reduced price, or at a full price. The subsidy per lunch for each recipient depends on whether the child qualifies for free, reduced price, or paid category lunches based on family income eligibility criteria.

The NSLP provides a child with one lunch each school day. Lunches served under the program must meet federal standards for minimum quantities and food components, in order to approximate one-third of the Recommended Dietary Allowance for children when averaged over a period of time. Senior high school students must be permitted to decline up to two of the five required food items. As determined by the local school authority, students below the senior high school level may be permitted to decline two of the five required food items.

Schools and institutions establish the meal charge based on operating costs. Thus, changes in the per meal payment rate may not be reflected in changes for charges to recipients of reduced price and paid meals. For example, increases in payment rates may be used by the school or institution to offset increase in operating costs and the charge to the recipient may remain unchanged. As specified by law, the per-meal payment rate to states is adjusted once each year to reflect the annual change in the Consumer Price Index, series for Food Away from Home for All Urban Consumers.

C. Duration of benefits.

There is no limit to student participation provided the school meets the eligibility criteria for program participation. As long as the school is participating in the program, an enrolled student may participate for as long as the student chooses. However, students may receive only one subsidized lunch per day.

While the NSLP can be run for 12 months per year, in most schools it is operated only during the nine month school year. About 91 percent of all school-age children have the program available. On any given day, approximately 61 percent of those students in participating schools take part in the NSLP.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility.

Documented eligibility of the child's family for Food Stamp or AFDC benefits could be used to certify a child's eligibility for free lunches in the National School Lunch Program.

B. Counting assistance from other programs.

Eligibility for free or reduced price lunches is determined based upon gross household cash income. However, since it is relatively unlikely that a household receiving cash public assistance will have gross cash income above 130 percent of poverty, changes in benefits provided by other public assistance programs ordinarily would not effect NSLP eligibility.

C. Overlapping authorities and benefits.

Broadly, there are other programs which provide assistance to support the needs of low income people, the most prominent of which are Aid to Families with Dependent Children (AFDC) and Supplemental Security Income (SSI). Specifically referring to food assistance needs, the Food Stamp Program is available to the low income population in general.

The NSLP may supplement the Food Stamp Program benefits of some recipients. The benefits of the NSLP program are different than the Food Stamp Program. The NSLP provides lunchtime meals to children, whereas FSP gives vouchers with which food items can be purchased for consumption by any household member at any time. Data from Survey of Income and Program Participation (SIPP) indicate that in 1984 nearly half the NSLP households with participants from families below 185 percent of poverty live in households that also receive Food Stamps.

The Food Stamp Program guarantees the availability of adequate purchasing power for food in a household, but makes no attempt to regulate nutritional requirements for recipients. Thus, the NSLP functions as supplemental benefit to a specific target population.

The National Evaluation of School Nutrition Programs indicates that in 1980, 12 percent of children participating in the NSLP also participated in the School Breakfast Program. About 91 percent of SBP participants also participated in the NSLP, based on the same study. Schools participating in the National School Lunch Program are prohibited from participation in the Special Milk Program for Children, except that the SMP may be made available to split-session kindergarten children who do not have access to school nutrition programs under the National School Lunch Act.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Agriculture, Nutrition and Forestry
Subcommittee on Nutrition

House of Representatives

Committee on Education and Labor
Subcommittee on Elementary, Secondary and Vocational Education

B. Appropriating subcommittees.

Senate

Subcommittee on Agriculture, Rural Development and Related Agencies

House of Representatives

Subcommittee on Agriculture, Rural Development and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

1935 Agricultural Act - Authorized that surplus farm commodities could be provided to school lunch programs through a direct purchase and distribution program.

1946 National School Lunch Act - Established the National School Lunch Program.

1949 Agricultural Act - Authorized the Secretary to provide commodities acquired through price support operations to the school lunch program.

1962 National School Lunch Act Amendments - Established a separate funding authority for schools drawing attendance from low income areas.

1966 Child Nutrition Act - Established State Administrative Expense funds.

1970 National School Lunch Act Amendments - Required the establishment of uniform national guidelines for free and reduced-price lunches.

1971 National School Lunch Act Amendments - Established the poverty guidelines as minimum eligibility standards.

1972 National School Lunch Act Amendments - Set for the first time specific statutory minimum poverty guidelines.

1973 National School Lunch Act Amendments - Allowed states to receive in cash the difference between commodities promised by USDA and those actually provided. Provided authority to purchase sufficient amounts of commodities for schools from directly appropriated funds when surplus or price-supported commodities were not available. Established that the reimbursement rates were to be automatically indexed for inflation.

1975 National School Lunch Act Amendments - Required that a certain level of commodity assistance per lunch be provided. Required states to offer reduced price lunches to qualified children. Expanded the definition of "school" to include any public or licensed nonprofit, private residential child care institution.

1977 National School Lunch Act Amendments - Permitted schools to refuse to accept up to 20 percent of commodities offered and receive other commodities, if available, in their place.

1980 Omnibus Budget Reconciliation Act - Expanded eligibility for free and reduced-price lunches, reduced mandatory commodity assistance, and changed semiannual inflation adjustments to annual ones.

1981 Omnibus Budget Reconciliation Act - Set 130 percent of poverty as the level for free lunch eligibility, and 185 percent of poverty as the level for reduced-price lunch. Reduced subsides for paid and reduced price meals. Required documentation and verification.

1986 School Lunch and Child Nutrition Amendments - Increased the tuition limitation on private schools from $1,500 to $2,000. Required whole milk to be offered as a school lunch beverage. Contained other technical changes.

E. Major federal implementing regulations and regulatory changes.

1946 - Program regulations were first promulgated on August 16, 1946. These regulations focused on the required food components of the school lunch.

1958 - These regulations expanded upon the 1946 issuance, and required an administrative framework.

1963 - The apportionment was based on the participation rate and the assistance need rate for the state. Special cash assistance was provided for those schools whose students, coming from poor economic conditions, were unable to pay the full cost of the lunch.

1970 - Uniform national guidelines were established to determine eligibility for free and reduced price meals. Determinations were to be made on the basis of an application signed by an adult household member. The sale of foods served in competition with the lunch program was restricted.

1971 - The matching requirements were amended so that state funds used for the program, as opposed to program revenues, would be required as part of the matching funds.

1975 - The matching of state and local funds for federal funds were waived for free and reduced price meals. The reduced price program was made mandatory. Schools were authorized to, for cause, seek verification of data on the child's application. Schools were required to allow senior high students to decline up to two food items of the required five item lunch (offer versus serve). The definition of schools was expanded to include residential child care institutions.

1978 - School food authorities were authorized to extend "offer versus serve" to junior high and middle schoolchildren. Special assistance procedures were established to reduce paperwork in any school serving a large number of free and reduced price lunches. Minimum quantities of food were specified for each age/grade group.

1980 - Restrictions were placed on the sale of foods of minimal nutritional value. State agencies were required to monitor school food authority compliance with newly defined performance standards.

1981 - The January semi-annual adjustments in national average payments were eliminated. Job Corps centers and private schools with average yearly tuitions which exceed $1,500 were excluded from participation. Schools participating in the lunch program were prohibited from also participating in the Special Milk Program.

1982 - The Food Service Equipment Assistance Program was eliminated. The three to one matching requirement was deleted and the state revenue match was fixed at 30 percent of Section 4 program funds received during School Year 1980-81. The State Plan was eliminated. The requirement that cost be considered in the assignment of rates and payment of reimbursement was eliminated. "Offer versus serve" was extended to elementary schools, at school food authority discretion. Revised and tightened free and reduced price application procedures were established, including the collection of Social Security numbers.

1983 - The submission of claims process was tightened. Verification of eligibility was required for a sample of applicants and standards for such verification were established.

1984 - Verification of eligibility procedures were revised and finalized.

1985 - In response to a court suit, the restrictions on the sale of foods of minimal nutritional value were loosened.

1986 - National School Lunch Program regulations were rewritten for clarity and to delete obsolete references.

1987 - Regulations were revised to implement provisions of the School Lunch and Child Nutrition Amendments of 1986, including: the tuition limitation for private schools was increased from $1,500 to $2,000, whole milk was required as a beverage in the NSLP, and other technical changes were made.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (In thousands)
10.555 NATIONAL SCHOOL LUNCH PROGRAM

	BENEFITS (1)						
	Federal	State-Local	(2)	Administration	(3)	Total	(4)
United States	$3,381,427	$206,333		$46,616		$3,634,376	
Alabama	$85,848	$3,912		$1,215		$90,975	
Alaska	$6,660	$493		$269		$7,422	
Arizona	$37,933	$2,131		$578		$40,643	
Arkansas	$43,905	$2,094		$616		$46,615	
California	$342,560	$17,997		$4,962		$365,519	
Colorado	$34,539	$2,473		$316		$37,328	
Connecticut	$29,881	$2,353		$465		$32,700	
Delaware	$7,379	$487		$273		$8,139	
D. C.	$10,058	$531		$306		$10,895	
Florida	$147,388	$9,059		$1,903		$158,350	
Georgia	$126,109	$6,562		$1,911		$134,582	
Hawaii	$17,939	$1,371		$219		$19,529	
Idaho	$13,997	$811		$258		$15,066	
Illinois	$133,716	$8,982		$1,735		$144,433	
Indiana	$62,691	$5,117		$691		$68,499	
Iowa	$38,891	$3,470		$483		$42,844	
Kansas	$30,115	$2,510		$409		$33,035	
Kentucky	$71,187	$3,618		$1,078		$75,883	
Louisiana	$98,951	$5,562		$1,213		$105,726	
Maine	$15,986	$930		$314		$17,230	
Maryland	$47,395	$3,598		$700		$51,692	
Massachusetts	$54,720	$5,427		$1,426		$61,573	
Michigan	$86,205	$7,087		$1,258		$94,550	
Minnesota	$50,197	$4,618		$821		$55,636	
Mississippi	$68,048	$2,620		$1,052		$71,720	
Missouri	$64,385	$4,275		$603		$69,263	
Montana	$10,073	$648		$328		$11,049	
Nebraska	$18,899	$1,412		$207		$20,517	
Nevada	$7,108	$589		$245		$7,942	
New Hampshire	$9,212	$780		$260		$10,252	
New Jersey	$73,779	$5,545		$1,047		$80,371	
New Mexico	$29,066	$1,210		$472		$30,747	
New York	$250,815	$13,902		$2,689		$267,406	
N. Carolina	$110,144	$6,520		$1,876		$118,539	
N. Dakota	$9,224	$629		$301		$10,154	
Ohio	$128,517	$9,075		$1,515		$139,107	
Oklahoma	$49,852	$3,126		$652		$53,629	
Oregon	$28,247	$2,058		$298		$30,603	
Pennsylvania	$134,966	$10,400		$1,427		$146,793	
Rhode Island	$9,105	$600		$261		$9,965	
S. Carolina	$71,124	$3,261		$891		$75,276	
S. Dakota	$12,160	$629		$287		$13,076	
Tennessee	$76,071	$4,228		$771		$81,070	
Texas	$258,509	$14,855		$2,943		$276,306	
Utah	$24,065	$1,481		$358		$25,903	
Vermont	$5,435	$424		$245		$6,104	
Virginia	$72,736	$5,796		$677		$79,209	
Washington	$42,768	$2,993		$374		$46,135	
W. Virginia	$33,299	$1,720		$514		$35,532	
Wisconsin	$51,596	$4,186		$620		$56,402	
Wyoming	$5,353	$436		$253		$6,042	
American Samoa	$2,825	$0		$164		$2,989	
Guam	$2,820	$102		$205		$3,127	
N. Mariana Is.	$1,352	$0		$164		$1,516	
Puerto Rico	$111,515	$1,507		$1,099		$114,121	
T. Territories	$8,324	$0		$174		$8,498	
Virgin Islands	$4,401	$138		$223		$4,762	

Data Sources: Food and Nutrition Service, USDA

(1) Benefits are federal payments and commodities for meals served in participating schools and other institutions. Total varies from estimates of obligations on Table XI.
(2) States are required to match 30 percent of historical portion of the Federal benefits -- see Section 7 NSLA. All states meet the matching requirement or are exempt.
(3) Obligations listed for state administration of this program include amounts for the School Breakfast Program, the Child Care Food Program, and the Special Milk Program.
No obligations for administration at the federal level are charged to this account; they are charged to the Food Program Administration account, and were $21,171(000) for FY 1985.
(4) Total includes $1,384(000) for DOD Army/AF.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands)
10.555 NATIONAL SCHOOL LUNCH PROGRAM

	BENEFITS (1)						
	Federal	State-Local	(2)	Administration	(3)	Total	(4)
United States	$3,422,196	$206,670		$42,833		$3,671,698	
Alabama	$89,528	$3,936		$1,114		$94,577	
Alaska	$7,763	$493		$305		$8,561	
Arizona	$37,725	$2,164		$533		$40,422	
Arkansas	$42,705	$2,103		$621		$45,430	
California	$347,098	$17,997		$3,832		$368,926	
Colorado	$31,803	$2,473		$358		$34,634	
Connecticut	$28,629	$2,353		$490		$31,472	
Delaware	$7,101	$487		$266		$7,855	
D. C.	$12,320	$531		$322		$13,172	
Florida	$157,370	$8,880		$1,743		$167,994	
Georgia	$118,607	$6,477		$1,485		$126,568	
Hawaii	$18,630	$1,371		$211		$20,213	
Idaho	$13,625	$850		$271		$14,746	
Illinois	$143,543	$8,982		$1,717		$154,242	
Indiana	$54,784	$5,255		$686		$60,725	
Iowa	$32,354	$3,566		$509		$36,429	
Kansas	$26,547	$2,510		$426		$29,483	
Kentucky	$72,737	$3,611		$839		$77,186	
Louisiana	$100,876	$5,478		$1,040		$107,394	
Maine	$17,466	$929		$332		$18,727	
Maryland	$44,794	$3,598		$656		$49,048	
Massachusetts	$60,078	$5,427		$997		$66,502	
Michigan	$102,115	$7,184		$911		$110,211	
Minnesota	$49,276	$4,618		$865		$54,758	
Mississippi	$78,977	$2,642		$1,059		$82,678	
Missouri	$62,875	$4,295		$614		$67,785	
Montana	$9,025	$674		$344		$10,044	
Nebraska	$16,848	$1,450		$217		$18,516	
Nevada	$6,603	$589		$253		$7,445	
New Hampshire	$8,911	$769		$274		$9,954	
New Jersey	$74,720	$5,545		$1,103		$81,368	
New Mexico	$29,825	$1,189		$476		$31,489	
New York	$264,558	$13,902		$2,340		$280,800	
N. Carolina	$117,236	$6,601		$1,383		$125,220	
N. Dakota	$7,815	$625		$317		$8,758	
Ohio	$129,908	$9,280		$1,471		$140,660	
Oklahoma	$43,374	$3,053		$630		$47,057	
Oregon	$28,834	$2,109		$293		$31,236	
Pennsylvania	$120,663	$10,423		$1,527		$132,613	
Rhode Island	$10,465	$601		$303		$11,369	
S. Carolina	$75,349	$3,264		$674		$79,287	
S. Dakota	$11,031	$609		$302		$11,942	
Tennessee	$80,340	$4,246		$735		$85,321	
Texas	$257,770	$14,855		$3,024		$275,649	
Utah	$20,607	$1,468		$253		$22,329	
Vermont	$5,942	$412		$258		$6,612	
Virginia	$69,640	$5,723		$664		$76,028	
Washington	$43,679	$2,993		$368		$47,039	
W. Virginia	$35,971	$1,739		$471		$38,181	
Wisconsin	$45,646	$4,128		$639		$50,414	
Wyoming	$4,416	$436		$266		$5,119	
American Samoa	$2,427	$0		$173		$2,600	
Guam	$3,247	$102		$216		$3,565	
N. Mariana Is.	$0	$0		$0		$0	
Puerto Rico	$121,718	$1,538		$1,099		$124,355	
T. Territories	$9,656	$0		$323		$9,980	
Virgin Islands	$4,705	$138		$235		$5,078	

Data Sources: Food and Nutrition Service, USDA.

(1) Benefits are federal payments and commodities for meals served in participating schools and other institutions. Total varies from estimates of obligations on Table XI.
(2) States are required to match 30 percent of historical portion of the Federal benefits -- see Section 7 NSLA. All states meet the matching requirement or are exempt.
(3) Obligations listed for state administration of this program include amounts for the School Breakfast Program, the Child Care Food Program, and the Special Milk Program.
No obligations for administration at the federal level are charged to this account; they are charged to the Food Program Administration account, and were $21,235(000) for FY 1984.
(4) Total includes $1,936(000) for DOD Army/AF.

IX. A. FY 85 RECIPIENT CHARACTERISTICS (in thousands)
10.555 NATIONAL SCHOOL LUNCH PROGRAM

	Lunches Served		Students	(1)
United States	3,888,992	(2)	23,553	(3)
Alabama	92,349		574	
Alaska	5,794		39	
Arizona	42,724		260	
Arkansas	49,321		300	
California	324,489		1,885	
Colorado	45,036		278	
Connecticut	36,753		214	
Delaware	8,820		54	
D. C.	8,079		47	
Florida	170,754		1,007	
Georgia	145,656		872	
Hawaii	23,123		144	
Idaho	19,458		120	
Illinois	146,863		897	
Indiana	96,443		607	
Iowa	61,620		376	
Kansas	45,726		281	
Kentucky	79,693		500	
Louisiana	112,707		705	
Maine	18,393		109	
Maryland	56,301		339	
Massachusetts	77,176		473	
Michigan	111,588		711	
Minnesota	73,291		480	
Mississippi	64,120		404	
Missouri	88,485		531	
Montana	14,269		85	
Nebraska	29,559		181	
Nevada	9,046		54	
New Hampshire	13,603		82	
New Jersey	87,796		516	
New Mexico	26,946		167	
New York	242,623		1,451	
N. Carolina	132,949		796	
N. Dakota	14,868		91	
Ohio	157,966		877	
Oklahoma	58,181		360	
Oregon	37,763		231	
Pennsylvania	166,802		985	
Rhode Island	9,291		57	
S. Carolina	78,782		469	
S. Dakota	15,220		94	
Tennessee	96,371		596	
Texas	280,005		1,765	
Utah	38,119		221	
Vermont	7,324		45	
Virginia	101,126		598	
Washington	53,201		318	
W. Virginia	35,758		220	
Wisconsin	71,266		434	
Wyoming	9,155		56	
American Samoa	1,512		9	
Guam	3,030		19	
N. Mariana Is.	843		5	
Puerto Rico	79,973		506	
T. Territories	5,647		32	
Virgin Islands	3,496		22	

Data Sources: Food and Nutrition Service, USDA.

(1) Participation by persons not reported; estimated from meals served using an average attendance factor of 167 days.
(2) Total includes 3,742(000) for DOD Army/AF.
(3) Total includes 22(000) for DOD Army/AF.

IX. B. FY 84 RECIPIENT CHARACTERISTICS (in thousands)
10.555 NATIONAL SCHOOL LUNCH PROGRAM

	Lunches Served		Students	(1)
United States	3,821,509	(2)	23,351	(3)
Alabama	89,750		561	
Alaska	5,919		38	
Arizona	42,132		247	
Arkansas	45,450		290	
California	299,639		1.816	
Colorado	44,057		274	
Connecticut	35,664		209	
Delaware	8,645		53	
D. C.	7,699		46	
Florida	106,100		992	
Georgia	143,595		863	
Hawaii	22,675		143	
Idaho	18,709		117	
Illinois	146,014		899	
Indiana	95,452		610	
Iowa	61,345		375	
Kansas	44,362		276	
Kentucky	79,737		500	
Louisiana	111,582		699	
Maine	18,474		112	
Maryland	55,661		338	
Massachusetts	75,594		472	
Michigan	114,022		714	
Minnesota	72,713		457	
Mississippi	63,953		403	
Missouri	83,534		528	
Montana	14,025		84	
Nebraska	29,028		180	
Nevada	8,511		55	
New Hampshire	13,153		77	
New Jersey	88,025		521	
New Mexico	27,136		165	
New York	237,152		1,441	
N. Carolina	132,228		805	
N. Dakpta	14,529		90	
Ohio	160,600		880	
Oklahoma	57,328		359	
Oregon	36,989		226	
Pennsylvania	167,456		1,007	
Rhode Island	9,237		57	
S. Carolina	76,536		465	
S. Dakota	14,807		92	
Tennessee	94,738		591	
Texas	279,949		1,719	
Utah	35,933		220	
Vermont	7,170		45	
Virginia	97,911		596	
Washington	51,835		308	
W. Virginia	37,127		240	
Wisconsin	71,209		432	
Wyoming	8,853		56	
American Samoa	1,335		9	
Guam	3,305		20	
N. Mariana Is.	787		5	
Puerto Rico	80,181		504	
T. Territories	5,245		28	
Virgin Islands	3,495		22	

Data Sources: Food and Nutrition Service, USDA.

(1) Participation by persons not reported; estimated from meals served using an average attendance factor of 167 days.
(2) Total includes 3,219(000) for DOD Army/AF.
(3) Total includes 19(000) for DOD Army/AF.

X. A. MEAN FY 85 COSTS PER PERSON SERVED
10.555 NATIONAL SCHOOL LUNCH PROGRAM

	Benefits	(1)	Administration	(2)	Total	
United States	$152	(3)	$2		$154	(3)
Alabama	$156		$2		$159	
Alaska	$185		$7		$192	
Arizona	$154		$2		$156	
Arkansas	$153		$2		$155	
California	$191		$3		$194	
Colorado	$133		$1		$134	
Connecticut	$150		$2		$153	
Delaware	$146		$5		$151	
D. C.	$226		$7		$232	
Florida	$155		$2		$157	
Georgia	$152		$2		$154	
Hawaii	$134		$2		$136	
Idaho	$123		$2		$125	
Illinois	$159		$2		$161	
Indiana	$112		$1		$113	
Iowa	$113		$1		$114	
Kansas	$116		$1		$117	
Kentucky	$150		$2		$152	
Louisiana	$148		$2		$150	
Maine	$155		$3		$158	
Maryland	$150		$2		$152	
Massachusetts	$127		$3		$130	
Michigan	$131		$2		$133	
Minnesota	$119		$2		$121	
Mississippi	$175		$3		$177	
Missouri	$129		$1		$130	
Montana	$126		$4		$130	
Nebraska	$112		$1		$113	
Nevada	$143		$5		$148	
New Hampshire	$122		$3		$125	
New Jersey	$154		$2		$156	
New Mexico	$182		$3		$185	
New York	$182		$2		$184	
N. Carolina	$147		$2		$149	
N. Dakota	$108		$3		$111	
Ohio	$157		$2		$159	
Oklahoma	$147		$2		$149	
Oregon	$131		$1		$133	
Pennsylvania	$148		$1		$149	
Rhode Island	$169		$5		$173	
S. Carolina	$159		$2		$161	
S. Dakota	$137		$3		$140	
Tennessee	$135		$1		$136	
Texas	$155		$2		$157	
Utah	$116		$2		$117	
Vermont	$130		$5		$135	
Virginia	$131		$1		$132	
Washington	$144		$1		$145	
W. Virginia	$160		$2		$162	
Wisconsin	$128		$1		$130	
Wyoming	$103		$5		$108	
American Samoa	$304		$18		$322	
Guam	$158		$11		$169	
N. Mariana Is.	$255		$31		$266	
Puerto Rico	$223		$2		$225	
T. Territories	$258		$5		$263	
Virgin Islands	$208		$10		$218	

Data Sources: Food and Nutrition Service, USDA.

(1) Benefits are payments for meals served in participating schools and other institutions. The annual level of payments per child was estimated by multiplying the average (per meal) reimbursement rate by the average attendance factor of 167 days.

(2) Obligations for state administration of the Child Care Food Program, the School Breakfast Program, and the Special Milk Program are included in those for the School Lunch Program. No obligations for administration at the federal level are charged to this account; they are charged to the Food Program Administration account.

(3) Includes $62 for DOD Army/AF.

X. B. MEAN FY 84 COSTS PER UNIT SERVED
10.555 NATIONAL SCHOOL LUNCH PROGRAM

	Benefits	(1)	Administration	(2)	Total	
United States	$155	(3)	$2		$157	(3)
Alabama	$167		$2		$169	
Alaska	$219		$8		$227	
Arizona	$162		$2		$164	
Arkansas	$155		$2		$157	
California	$201		$2		$203	
Colorado	$125		$1		$127	
Connecticut	$148		$2		$150	
Delaware	$144		$5		$149	
D. C.	$276		$7		$283	
Florida	$168		$2		$169	
Georgia	$145		$2		$147	
Hawaii	$140		$1		$141	
Idaho	$124		$2		$126	
Illinois	$170		$2		$172	
Indiana	$98		$1		$100	
Iowa	$96		$1		$97	
Kansas	$105		$2		$107	
Kentucky	$153		$2		$154	
Louisiana	$152		$1		$154	
Maine	$164		$3		$166	
Maryland	$143		$2		$145	
Massachusetts	$139		$2		$141	
Michigan	$153		$1		$154	
Minnesota	$118		$2		$120	
Mississippi	$203		$3		$205	
Missouri	$127		$1		$128	
Montana	$116		$4		$120	
Nebraska	$102		$1		$103	
Nevada	$130		$5		$134	
New Hampshire	$126		$4		$130	
New Jersey	$154		$2		$156	
New Mexico	$187		$3		$190	
New York	$193		$2		$195	
N. Carolina	$154		$2		$156	
N. Dakota	$93		$4		$97	
Ohio	$158		$2		$160	
Oklahoma	$129		$2		$131	
Oregon	$137		$1		$138	
Pennsylvania	$130		$2		$132	
Rhode Island	$193		$5		$198	
S. Carolina	$169		$1		$170	
S. Dakota	$126		$3		$130	
Tennessee	$143		$1		$144	
Texas	$159		$2		$160	
Utah	$100		$1		$101	
Vermont	$143		$6		$148	
Virginia	$126		$1		$127	
Washington	$151		$1		$153	
W. Virginia	$157		$2		$159	
Wisconsin	$115		$1		$117	
Wyoming	$87		$5		$92	
American Samoa	$270		$19		$289	
Guam	$165		$11		$176	
N. Mariana Is.	$0		$0		$0	
Puerto Rico	$244		$2		$247	
T. Territories	$341		$11		$352	
Virgin Islands	$219		$11		$229	

Data Sources: Food and Nutrition Service, USDA.

(1) Benefits are payments for meals served in participating schools and other institutions. The annual level of payments per child was estimated by multiplying the average (per meal) reimbursement rate by the average attendance factor of 167 days.
(2) Obligations for state administration of the Child Care Food Program, the School Breakfast Program, and the Special Milk Program are included in those for the School Lunch Program. No obligations for administration at the federal level are charged to this account; they are charged to the Food Program Administration account.
(3) Includes $100 for DOD Army/AF.

XI. HISTORICAL DATA (in thousands)
10.555 NATIONAL SCHOOL LUNCH PROGRAM

Federal Fiscal Year	Total Federal Obligations (1)	Lunches Served (2)	Students (3)	Federal Staff (4)
1985	$3,391,000	3,899	23,600	537
1984	$3,328,000	3,822	23,400	562
1983	$3,214,000	3,803	23,000	561
1982	$2,951,000	3,755	22,900	593
1981	$3,276,000	4,213	25,800	644
1980	$3,184,000	4,387	26,600	679
1979	$3,729,000	4,357	27,000	654
1978	$2,351,000	4,294	26,700	596
1977	$2,110,000	4,250	26,300	470
1976	$1,910,000	4,148	25,600	371
1975	$1,715,000	4,063	24,900	327
1974	$1,401,000	3,982	24,600	297
1973	$1,213,000	4,009	24,700	295
1972	$1,051,000	3,972	24,400	263
1971	$809,000	3,848	24,000	218
1970	$560,000	3,565	22,400	195
1969	$475,000	3,368	21,300	163
1968	$435,731	3,218	19,900	
1967	$338,043	3,147	19,700	
1966	$315,946	3,093	19,100	
1965	$402,843	2,892	18,100	
1964	$315,740	2,696	16,900	
1963	$288,447	2,553	16,000	
1962	$280,861	2,415	15,100	
1961	$226,450	2,265	14,200	
1960	$225,839	2,142	13,600	

Data Sources: Food and Nutrition Service, USDA.

(1) Data on state spending not available.
(2) In millions.
(3) Estimated using an average attendance factor of 167 days.
(4) Not in thousands.

SUPPLEMENTAL NUTRITIONAL ASSISTANCE FOR WOMEN, INFANTS, AND CHILDREN

I. PROGRAM SUMMARY

The Supplemental Nutritional Assistance for Women, Infants, and Children (WIC) program distributes federal funds to states to provide specific supplemental foods to low income mothers, infants, and children judged to be at nutritional risk. States administer WIC within broad federal requirements and designate local health or welfare agencies for local administration.

Eligibility under WIC is limited to infants, children up to five years old, pregnant women, nonnursing mothers up to six months after childbirth, and breastfeeding mothers up to one year after childbirth. Eligibility requires a medical or nutritional assessment by professional staff of the local agency certifying nutritional risks such as anemia or inadequate diet. Applicants must also meet income standards set by the state within federal limits that require standards between 100 and 185 percent of the poverty guidelines.

Eligible persons receive supplemental foods that contain nutrients thought to be lacking in their diets. These foods are provided to most participants in the form of vouchers valid for specific items in stores. The allowable food packages typically include iron-fortified infant cereal and formula, juice, milk, cheese, eggs, either peanut butter or dry beans, and peas. The food packages vary according to the particular needs of the recipient. The law requires that WIC also provide nutrition education.

In FY 1985, WIC provided supplemental foods to about 3.1 million women, infants, and children at a total federal cost of about $1.5 billion. The WIC program is fully funded by the federal government. Over the past 10 years the program has expanded substantially. In FY 1975 WIC served only 344,000 persons and had a total federal cost of about $83 million.

As the name of the program suggests, WIC is not intended to meet all of the nutritional needs of recipients. The program is targeted to specific groups during critical periods of growth and development and is intended to prevent the occurrence of health problems and to improve the health status of persons of some risk by supplementing their diets.

II. ADMINISTRATION

A. Program name: Supplemental Nutritional Assistance for Women, Infants, and Children.

B. Catalog of Federal Domestic Assistance No.: 10.557
Budget account number(s): 12-3510-0-1-605.

C. Current authorizing statute: Child Nutrition Act of 1966, as amended, 42 U.S.C. 1786.

D. Location of program regulations in the Code of Federal Regulations: 7 CFR Part 246.

E. Federal administering agency: Food and Nutrition Service, Department of Agriculture.

F. Primary grantee (if any) receiving benefits: States; tribal organizations.

G. Subgrantee (if any) receiving program funds to provide benefits: Counties; cities; tribal organizations; private nonprofit organizations.

H. Allocation of federal funds.

The Supplemental Nutritional Assistance for Women, Infants, and Children (WIC) program has a capped appropriation each year. There are no matching requirements for state agencies. Funds are distributed to state agencies by means of a formula determined by the Secretary of Agriculture. Each state agency provides, from its allocation of administrative and program services funds, funds to local agencies for their administrative and program services costs.

The recently revised funding formula consists of three components -- stability, growth, and targeting. The stability portion (food and administration) is designed to ensure the continuity of WIC Program operations by maintaining each state agency's prior year WIC operating level. All state agencies receive stability funds. The growth portion of the formula is designed to give state agencies serving a below average portion of their potentially eligible population an opportunity to serve a greater portion. The targeting portion rewards states serving more eligibles at greatest risk, pregnant women and infants.

Under current regulations, states get administrative funds equal to the lesser of 21 percent of their food grant or the ratio of their prior year food grant to administrative funds applied to their current year food grant. Additional administrative funds are distributed by the regional offices.

The growth formula allocates funds to specified states based on each state's number of women, infants, and children below 185 percent of the federal income poverty guidelines, its rate of infant deaths, and its rate of low-weight births. The weight given to each component is 80 percent for the income eligible population; 5 percent for the rate of infant deaths; and 15 percent for the rate of low weight births. The national level of growth funds is the balance of total funds available after allocating stability funds.

Many state agencies consider greatest need, high rates of infant mortality, low birthweight, and low income when allocating funds to the local level.

I. Role of state and local governments in administering the program.

The Food and Nutrition Service (FNS) makes funds available to participating state agencies. The state agencies distribute the funds to participating local agencies. Participating state agencies may be state health departments or Indian Tribal authorities serviced by the Department of Health and Human Services' Indian Health Service (IHS) or recognized by the Department of Interior.

The state agency is responsible for the effective and efficient administration of the WIC program in accordance with all applicable regulations and for providing guidance and policy to local agencies on all aspects of program operations. Local agencies must be public health or welfare agencies or nonprofit private agencies that contract to provide ongoing health services to substantial numbers of pregnant and lactating women, infants, and children. Local agencies are responsible for providing direct services to participants.

State agencies are required to submit annual state Plans of Operation to FNS, approval of which is a prerequisite to receipt of federal funds.

There are currently about 1,600 local agencies in the WIC Program. Based on a 1980 survey, about 80 percent were part of a state district, county, municipal, community, or Indian health agency, 7 percent were part of a public, social, or human service agency, 4 percent were part of a public or private hospital, and 7 percent were other, e.g., a nonprofit organization.

Local agencies screen and certify WIC participants, and provide nutritional assessments, food vouchers, nutrition education, and health referrals to participants.

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J. Audit or quality control.

The federal government does not provide standards for administrative efficiency. Error rates are not calculated in the WIC program. There have been audits which indicate some degree of noncompliance with program regulations. In general, the findings involve manual voucher security, excessive drawdowns of funds, and inadequate documentation of administrative costs. Where noncompliance has been identified, claims have been established as appropriate.

In 1986, the U.S. General Accounting Office (GAO) released a report entitled "Ways to Foster Optimal Use of Resources in the Special Supplemental Food Program for Women, Infants and Children." In this report, GAO suggested that USDA put increased emphasis on improving the targeting of benefits to highest risk eligibles. Further, GAO suggested that USDA improve the integrity of the certification process so as to further assure that WIC benefits are targeted to the most needy persons first.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

As stated in Section 17 of the Child Nutrition Act of 1966, as amended, benefits are authorized in the WIC Program in response to the belief of Congress that substantial numbers of pregnant, postpartum, and breastfeeding women, infants, and young children from families with low incomes are at special risk with respect to their physical and mental health, by reason of inadequate nutrition or health care, or both. The program's benefits are provided at no cost to participants and are considered supplemental to the needs of the target population.

B. Allocation of program funds among activities.

The program provides supplemental foods and nutrition education to prevent the occurrence of health problems. The program provides nutritious supplemental food packages designed to provide foods rich in nutrients lacking in the diets of the WIC Program target population.

Program funds are currently divided into food and administrative and program services. Twenty percent of the funds appropriated each fiscal year are made available for state agency and local agency administrative and program services costs. In addition, one-sixth of a state agency's administrative and program services expenses must be in the area of nutrition education.

The dollar amount expended for nutrition education was $61,976,157 in Fiscal Year 1985. Nutrition education is available to all adult WIC participants, to parents or caretakers of infant and children participants, and, whenever possible, to the children who participate.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Pregnant, postpartum women up to six months, and breastfeeding women up to one year postpartum, infants, and children up to age five are determined to be eligible for program benefits through a determination of categorical status, household size and income, and nutritional risk factors, such as high risk pregnancy, anemia, or inadequate diet. Persons (other than those participating under an Indian State Agency) must also reside in the jurisdiction of the state.

B. Income eligibility standards.

In order to be determined eligible for the WIC program, persons must meet the income standards established by their state. However, state agencies may: (1) adopt the federal poverty income guidelines used for reduced-price meals in the National School Lunch Program (185 percent of the federal poverty guidelines); or (2) establish guidelines identical to state or local guidelines for free or reduced price health care. Should a state elect the second option, these guidelines must fall between 100 percent and 185 percent of the federal poverty guidelines. Most state agencies are currently utilizing 185 percent of the federal income guidelines to establish eligibility. If the state agency uses the federal guidelines, income is defined as gross cash income before deductions for income taxes, employees' social security taxes, insurance premiums, and bonds.

C. Other eligibility requirements.

In addition to being determined as categorically eligible (pregnant, breastfeeding and postpartum women, infants, and children to age five) and income eligible for the program, all applicants must also be determined to be at nutritional risk in order to participate. A competent professional authority on the staff of a local agency determines if a person is at nutritional risk through a medical or nutritional assessment. At a minimum, height or length and weight are measured, and a hematological test for anemia is performed. Examples of nutritional risk conditions which may be used as the basis for certification include: (1) detrimental or abnormal nutritional conditions detectable by biochemical or anthropometric measurements, such as anemia, underweight, overweight, low birth weight in an infant, or stunting in an infant or child; (2) documented nutritionally related medical conditions, such as clinical signs of nutritional deficiencies and metabolic disorders; (3) dietary deficiencies that impair or endanger health, such as inadequate dietary patterns; (4) conditions that predispose persons to inadequate nutritional patterns or nutritionally related medical conditions, such as chronic infections, alcohol or drug abuse, lead poisoning, history of high-risk pregnancies, congenital malformations in infants or children or infants born of women with alcohol or drug abuse histories or mental retardation. Data on the number of persons by nutritional risk are not available. Categorically, in Fiscal Year 1984, average total monthly participation was approximately 3,000,000 persons: 656,600 women, 1,600,000 children, and 825,000 infants.

The WIC Program is not an entitlement program and the number of persons served is subject to the availability of funds. Program regulations require that vacancies which occur after a local agency has reached its maximum participation level must be filled by applying the participant priority system as follows:

- Priority I - pregnant women or breastfeeding women, and infants at nutritional risk due to medical risk.

- Priority II - infants up to six months of age (except priority one infants) of WIC participants who participated during pregnancy, and infants up to six months of age born of women who were not WIC participants during pregnancy, but were at nutritional risk.

- Priority III - children up to age five at nutritional risk due to medical risk.

- Priority IV - pregnant women, breastfeeding women, and infants at nutritional risk because of an inadequate dietary pattern.

- Priority V - children at nutritional risk because of an inadequate dietary pattern.

- Priority VI - postpartum women at nutritional risk.

- Priority VII (state agency option) - previously certified participants who might regress in nutritional status without continued provision of supplemental foods.

Following is an estimate of the number of persons in each priority category.

Priority Category	Estimated Number*
Priority I	1,010,060
Priority II	462,132

Priority III	1,408,880
Priority IV	201,373
Priority V	396,125
Priority VI	113,205
Priority VII	16,369

(*Based on March 1986 data)

FNS does not directly collect information on the number of applicants or the reasons for which they are not certified, nor does FNS require states to do so. Many people with lower priority nutritional risks cannot be served, such as older children with dietary risks or postpartum women. In October 1985, 11 of the 54 geographic state agencies were serving no or almost no priority VI or VII participants. Among the other states, there were restrictions in many local agencies.

D. Other income a recipient unit is required or expected to spend to receive benefits.

None.

V. BENEFITS AND SERVICES

A. Program intake processes.

All potential participants must apply for WIC benefits and be determined eligible. Since WIC serves as an adjunct to health care, individuals may be referred to the program through their health care provider or have received outreach information on program availability at the time of application for benefits under other health or welfare programs.

B. Program benefits or services.

The program serves as an adjunct to health care and provides nutritious supplemental foods and nutrition education to those individuals who are determined by competent professionals (physicians, nutritionists, nurses, and other health officials) to be at nutritional risk.

Nutrition education is available to all adult WIC participants, to parents or caretakers of infant and children participants, and, whenever possible, to the children who participate. This nutrition education is designed to have a practical relationship to participants' nutritional needs, household situations, and cultural preferences and includes information on how participants can select nutritious food for themselves and their families. The goals of WIC nutrition education are to teach the relationship between proper nutrition and good health, to help the individual at nutritional risk develop better food habits, and to prevent nutrition-related problems by showing participants how to best use their supplemental and other foods. The WIC Program also encourages breastfeeding and counsels pregnant women on its nutritional advantages.

Supplemental foods are provided to most participants through the issuance of food vouchers, which are redeemed by approved vendors in the state. Each state agency is required to establish a statewide food delivery system. The state or local agencies use three general types of delivery systems for operation of the program: retail purchase, home delivery, and direct distribution. The agencies must ensure that these food delivery systems are accessible to low income individuals.

- Retail Purchase - Participants purchase specified food items from retail stores with vouchers or checks.

- Home Delivery - Some agencies contract with dairy companies to deliver WIC foods to participants.

- Direct Distribution - Participants may pick up the food from a distribution center.

Of these three systems -- retail purchase, home delivery, and direct distribution -- retail purchase is the predominant method used, accounting for about 88 percent of WIC food delivery. Home delivery accounts for approximately 11 percent, with direct distribution accounting for 1 percent.

The federal regulations concerning WIC supplemental foods address infants' developmental needs, reflect current pediatric feeding recommendations, correspond to the recommended eating patterns for preschool children, and address the special nutritional requirements of pregnant and breastfeeding women. Thus, program regulations define approved supplemental foods by describing six "food packages." Each package is developed for a particular category of program participant and is designed to be readily accepted by program participants, commercially available nationwide, and economical in cost. The food packages are supplemental and are not intended to provide for an individual's total dietary needs. Federal regulations establish the overall guidelines for the types and maximum quantities of foods in WIC food packages. Each WIC state agency must select foods for WIC food packages in their state from among those foods allowable under the federal regulations.

The six food packages available under the program are:

Food Package I for infants zero through three months

(1) iron-fortified infant formula

Food Package II for infants four through 12 months

(1) iron-fortified infant formula;

(2) infant cereal which contains a minimum of 45 milligrams of iron per 100 grams of dry cereal;

(3) single-strength fruit juice or frozen concentrated fruit juice which contains a minimum of 30 milligrams of vitamin C per 100 milliliters.

Food Package III for children/women with special dietary needs (dependent upon physician's assessment of physical/medical condition which precludes or restricts the use of conventional foods)

(1) formula as prescribed by physician;

(2) cereal (hot or cold) which contains minimum of 28 milligrams of iron per 100 grams dry cereal and not more than 21.2 grams of sucrose or other sugars per 100 grams of dry cereal;

(3) single-strength fruit juice or vegetable juice, or both, or frozen concentrated juice which contains 30 milligrams of vitamin C per 100 milliliters.

Food Package IV for children one to five years

(1) pasteurized fluid whole milk, or skim milk, or low fat milk, or pasteurized cultured buttermilk, or evaporated whole milk, or evaporated skim milk, or dry whole milk, or nonfat or low fat dry milk which contains 400 International Units of vitamin D and 2000 International Units of vitamin A per quart; or domestic cheese;

(2) cereal (hot or cold) which contains a minimum of 28 milligrams of iron per 100 grams of dry cereal and not more than 21.2 grams of sucrose and other sugars per 100 grams of dry cereal (6 grams per ounce);

(3) single-strength fruit juice or vegetable juice or both, or frozen concentrated juice, which contains 30 milligrams of vitamin C per 100 milliliters;

(4) eggs or dried egg mix;

(5) peanut butter or mature dry beans or peas.

Food Package V for pregnant and breastfeeding Women

(1) milk, as above, or cheese, as above;

(2) adult cereals (hot or cold), as above;

(3) fruit or vegetable juice or both, as above;

(4) eggs or dried egg mix;

(5) peanut butter or mature dry beans or peas.

Food Package VI for nonbreastfeeding postpartum women

(1) milk, as above, or cheese, as above;

(2) cereal, as above;

(3) fruit or vegetable juice, or both, as above;

(4) eggs or dried egg mix.

The estimated Fiscal Year 1985 national average monthly value for the food packages was $31.69 and by participant category was:

Infants	$35.80
Breastfeeding Women	$34.72
Pregnant Women	$34.30
Postpartum Women	$26.67
Children	$29.47

Although WIC grants are not automatically indexed, the benefits to participants are normally in the form of vouchers for retail purchases of certain foods. Thus, benefits self-index to market conditions and this affects the number of participants who can be served.

C. Duration of benefits.

Participants are eligible for program benefits as stated below. With some exceptions, participants are generally certified for eligibility every six months.

- Women are eligible for the duration of their pregnancy up to six weeks postpartum.
- Breastfeeding women are eligible for up to one year postpartum.
- Nonbreastfeeding, postpartum women are eligible for up to six months postpartum.
- Infants are eligible up to their first birthday.

- Children are eligible up to their fifth birthday.

There are no reliable data on the duration of receipt of benefits. This is now under research.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility.

Participation in any other assistance program does not provide categorical or automatic eligibility for the WIC Program. However, income eligibility for the Food Stamp Program or reduced price or free lunches under the National School Lunch Program (NSLP) may provide an indicator of income eligibility for WIC. Some states may use proof of participation in these programs as a proxy for income certification in WIC.

In the 1983 National WIC Evaluation, 44 percent of the pregnant women received Food Stamps. For October to December 1984, the Survey of Income and Program Participation (SIPP) indicated that 54 percent of households with WIC participants also received Food Stamps and 33 percent of households with WIC participants also had members who received free or reduced price lunches. However, SIPP is an imperfect data base for WIC or school lunch information because of the small sample size and because the questions which identify WIC participants are not exact.

Federal law provides that if an individual is participating in the Commodity Supplemental Food Program (CSFP), the individual cannot participate in the WIC program and vice versa.

B. Counting assistance from other programs.

In determining WIC income eligibility, payments or benefits provided under certain federal programs or acts are excluded from consideration as income by legislative prohibition. These programs include, but are not limited to:

(A) Reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Pub. L. 91-646, Sec. 216, 42 U.S.C. 4636);

(B) Any payment to volunteers under Title I (VISTA and others) and Title II (RSVP, foster grandparents, and others) of the Domestic Volunteer Service Act of 1973 (Pub. L. 93-113, Sec. 404(g), 42 U.S.C. 5044(g)) to the extent excluded by that Act;

(C) Payment to volunteers under Section 8(b)(1)(B) of the Small Business Act (SCORE and ACE) (Pub. L. 95-510, Sec. 101, 15 U.S.C. 637(b)(1)(D));

(D) Income derived from certain submarginal land of the United States which is held in trust for certain Indian tribes (Pub. L. 94-114, Sec. 6, 25 U.S.C. 459e);

(E) Payments received under the Job Training Partnership Act (Pub. L. 97-300, Sec. 142(b), 29 U.S.C. 1552(b));

(F) Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub. L. 94-540, Sec. 6);

(G) Payments received under the Alaska Native Claims Settlement Act (Pub. L. 94-204, Sec. 4(a), 43 U.S.C. 1626);

(H) The value of assistance to children or their families under the National School Lunch Act (42 U.S.C. 1760(e)), the Child Nutrition Act of 1966 (42 U.S.C. 1780(b)), and the Food Stamp Act of 1977 (7 U.S.C. 2017(b));

(I) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of the Yakima Indian Nation or the Apache Tribe of the Mescalero Reservation (Pub. L. 95-433, Sec. 2, 25 U.S.C. 609c-1);

(J) Payments to the Passamaquoddy Tribe and the Penobscot Nation or any of their members received pursuant to the Maine Indian Claims Settlement Act of 1980 (Pub. L. 96-420, Sec. 6, 9(c), 25 U.S.C. 1725(i), 1728(c)); and

(K) Payments or allowances received pursuant to the Home Energy Assistance Act of 1980 (Pub. L. 96-223, Title III, Sec. 313(c)(1)).

Program benefits do not generally increase or decrease due to changes in the amount of benefits received from other programs. However, a competent professional authority at the local level may take into consideration other food resources when prescribing and tailoring a food package to meet an individual's nutritional needs.

C. Overlapping authorities and benefits.

Broadly, there are other programs which provide assistance to support the needs of low income people, the most prominent of which are the Aid to Families with Dependant Children (AFDC) and Supplemental Security Income. Specifically, in reference to food assistance needs, the Food Stamp Program is available to the low income population in general. The WIC program is targeted to a specific population of pregnant, breastfeeding and postpartum women, infants and young children and may supplement the Food Stamp Program benefits of some recipients. The benefits of the WIC program are somewhat different from the benefits provided through the Food Stamp Program in that supplemental foods are provided to the target population to help meet the special nutritional and developmental needs of participants. On the other hand, Food Stamp Program participants are a more broadly defined target group and have virtually complete discretion as to what foods are purchased with Food Stamps.

Other food assistance programs, such as the Commodity Supplemental Food Program (CSFP) and the Child Care Food Program (CCFP), provide benefits to a similar population group. However, participating CSFP recipients are prohibited from receiving WIC benefits. Young children may potentially participate in both CCFP and WIC, but they receive meals during day care in CCFP and supplemental foods for home use in WIC.

Although Food Stamp benefits are available to many WIC households, they are not available to all of them due to the differing eligibility requirements. Other program data suggests that roughly half of WIC participants also receive Food Stamps.

The existence of both WIC and CSFP is explained by the programs' histories and differences in program operations. CSFP was started in 1969, largely affiliated with the Needy Family Program, the commodity predecessor to the Food Stamp Program. As the Food Stamp Program replaced the Needy Family Program, many commodity distribution outlets which could support CSFP disappeared. The WIC retail type system was the successor selected by Congress, analogous to the Food Stamp Program. Early in the history of the WIC program, USDA policy was to convert all CSFP sites to WIC sites. However, some CSFP sites, especially Focus: HOPE in Detroit, strongly resisted the conversion to WIC and lobbied for legislation which permitted the coexistence of WIC and CSFP. Further, the 1976 lawsuit, Durham V. Butz, required expansion of WIC in non-CSFP areas.

In addition to these historical and legislative reasons for coexistence of WIC and CSFP, there are programmatic differences which distinguish the programs. By its provision of retail foods and nutrition education and its affiliation with health agencies, the WIC benefit package is about twice as expensive as CSFP, is generally preferred by recipients, and is probably the more effective nutrition/health intervention. Currently, in many areas, CSFP serves as a less expensive alternative to the WIC program. When local WIC Programs cannot enroll all applicants, especially older children or postpartum women, they may be referred to the CSFP to receive benefits.

Although WIC and CSFP serve similar populations, no one can participate in both at the same time. Law and regulations in WIC and CSFP Programs require State agencies to develop systems of control to preclude persons from simultaneous program participation.

USDA does not yet have estimates of the number of women, infants, and children who are both income and nutritionally eligible for WIC and CSFP. Based primarily on the Current Population Survey and live birth data, it is roughly estimated that there were 10.6

million women, infants, and children under five years old under 185 percent of poverty in the U.S. in 1983. However, it is not known how many were at nutritional risk.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Agriculture, Nutrition and Forestry
    Subcommittee on Nutrition

House of Representatives

Committee on Education and Labor
    Subcommittee on Elementary, Secondary and Vocational Education

B. Appropriating subcommittees.

Senate

Subcommittee on Agriculture, Rural Development, and Related Agencies

House of Representatives

Subcommittee on Agriculture, Rural Development and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

House of Representatives

Select Committee on Hunger

D. Federal legislation.

1972 National School Lunch Amendments - Authorized the WIC program as a two-year pilot project. Up to ten percent of $20,000,000 authorized could be used for administrative expenses.

1973 National School Lunch and Child Nutrition Act Amendments - Extended the program for an additional year and authorized recognized Indian tribes, bands, or groups to act as their own state agency.

1975 National School Lunch and Child Nutrition Act Amendments - Expanded funds available for administrative costs to 20 percent of appropriated funds and defined administrative expenses. The upper age limit for participating children was raised to "up to age 5."

1978 Child Nutrition Amendments - Required the Secretary to set income guidelines at a level no higher than that for reduced-price lunches under the National School Lunch Act; defined "nutritional risk"; required that not less than one-sixth of the administrative funds be used for nutrition education; and directed the issuance of regulations on the types of food available and the maximum levels of fat, sugar, and salt content.

1980 Omnibus Budget Reconciliation Act - Reauthorized the program through FY 1984.

1981 Omnibus Budget Reconciliation Act - Changed the maximum income eligibility standard; reinstituted ceilings on authorizations.

1986 School Lunch and Child Nutrition Amendments - Reauthorized WIC along with several minor changes, including prohibiting participation by states which collect tax on WIC food purchases, excluding certain federal education grants from countable income in determining participant eligibility, and several revisions to state plan requirements.

E. Major federal implementing regulations and regulatory changes.

1973 - The WIC program was originally established as a two-year pilot program to provide supplemental foods to the target population of pregnant and breastfeeding women, infants, and children up to age 4. Interim regulations for the WIC program were published on July 11, 1973 and were designed to encourage diversity in the design and operation of the WIC program in individual localities. The initial regulations also identified evaluation of the medical benefits of the program as a major objective. The regulations required local health clinics to apply for WIC program grants to their State Departments of Health, but FNS designed the actual selection criteria for local agencies, participant eligibility criteria, and the supplemental food package.

1974 - On December 27, 1974, final regulations were published. The regulations strengthened each state's role in the program by requiring that all local agency applications first be approved by the state agency. FNS retained final approval authority, but only agencies recommended for approval by the state agency received FNS approval. The regulations also made federally recognized Indian tribes, bands, or groups and the Indian Health Service eligible for grants, as mandated in Pub. L. 93-150.

1976 - In May 1975, Congress passed a law extending the program through September 30, 1975. On October 7, 1975, Pub. L. 94-105 was passed over Presidential veto.

Benefits were extended for children and postpartum women. Startup costs and nutrition education were included as allowable administrative costs. An advisory committee was established to study the methods available to evaluate the health benefits of the program. The National Advisory Council on Maternal, Infant and Fetal Nutrition was also established to study the program and submit recommendations for administrative and legislative changes to the President and to Congress.

Interim regulations were published on January 8, 1976, to implement the provisions of the law and other needed program changes. The interim regulations increased the allowance for administrative funds from ten percent to 20 percent and included clinic costs, nutrition education, and startup costs in the 20 percent. The regulations required submission of an amendment to the state agency application, which the state originally submitted to FNS in applying for participation in the WIC program. This application listed all local agencies wishing to participate and already determined to be capable of complying with program regulations. Subsequently, the regulations required the state agency to submit each year an amendment which would include a description of the manner in which administrative funds would be spent in the following year as well as an updated revision of the state agency application. They required that WIC programs begin in areas most in need of supplemental foods, extended children's eligibility until their fifth birthday, and eligibility of postpartum women from six weeks to six months. Breastfeeding women were allowed to remain on the program for one year. The food package was also revised to provide greater flexibility.

1977 - Based on comments received on the interim regulations and on meetings held with state agency representatives, proposed rules were published on February 11, 1977. On August 26, 1977, final WIC program Regulations were published in the Federal Register.

These final regulations outlined specific responsibilities for federal, state, and local agencies, and contained a priority system for determining which individuals should be placed on the program first when the local agency reached the maximum funding level. Furthermore, the final regulations clarified the various contractual arrangements for local agencies to provide health care and administrative services. The distribution of infant formula for children over one year of age with special dietary needs was also permitted by the final regulations. New requirements of the regulations established a management evaluation system as well as various controls to improve program efficiency and control of funds.

1979 - Proposed rules to implement Pub. L. 95-627 were published on January 9, 1979. Final regulations based on this proposal and public comments were published on July 27, 1979. The major changes from former regulations include standards for WIC program administration, a requirement of two nutrition education contacts per certification period, a requirement that one-sixth of the state agency's administrative grant be spent on nutrition education, sanctions for failure to comply with regulatory requirements, time limits for eligibility determinations, and an outreach requirement. Implementation of the income eligibility and food package requirements required by Pub. L. 95-627 was delayed to seek comments from the public and more detailed analysis. Proposed rules for the income requirement were published on February 9, 1980, and for the food package on November 30, 1979.

1/1981 - Final regulations which set forth the income eligibility criteria for WIC participation and revised the definition for health services. Income eligibility was set at 195 percent of the federal poverty guidelines plus a standard deduction or those guidelines established by the state agency for free or reduced-price health care.

9/1981 - Emergency final rule which amended the income eligibility criteria for WIC participation based on modifications mandated by Pub. L. 97-35. Pub. L. 97-35 reduced the eligibility criteria from 195 percent of the federal poverty guidelines to 185 percent of those guidelines and eliminated the standard deduction.

1982 - Final rule which set forth standards for the administration of food delivery systems and vendor monitoring in the WIC program. Changes made in this rule included: requiring periodic review of vendor qualifications; more detail in vendor agreements; more explicit goals of vendor training; revisions in vendor monitoring requirements; stronger rules on review of food vouchers for overcharges or errors; allowability of limiting the number of participating vendors; and allowance of up to half of funds recovered from vendor overcharges to be used for administrative purposes. These rules would give greater accountability in state agency operations of delivery of benefits to participants. They were designed to decrease vendor errors and abuse and subsequent loss of program funds.

1983 - New food package regulations implemented January 1, 1983, authorized six packages to replace three previously allowed. The new packages considerably altered the types and varieties of foods available, the quantities provided, and the nutrient content of the food packages. Through this redesign the packages now more accurately follow infants' developmental needs and current pediatric feeding recommendations, correspond more closely to the recommended eating patterns for preschool children, meet the special nutritional requirements of pregnant and breastfeeding women, and encourage breastfeeding.

1985 - Final rule which made a number of technical revisions to the program regulation, reorganized the regulations to more clearly identify major program areas and group related sections together under them, and made substantive revisions to a number of areas affecting program operations, such as the state plan and the participant priority system. The goal of this rule was to reduce state and local burdens, streamline program operations, and provide state agencies greater administrative discretion.

1987 - Final rule which revised the funding allocation formula to reward states for targeting funds to the neediest eligibles, pregnant women and infants. Another final rule made several technical revisions implementing the 1986 amendments.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (in thousands)
10.557 SUPPLEMENTAL NUTRITIONAL ASSISTANCE FOR WOMEN, INFANTS, AND CHILDREN

		Benefits	Administration		Total
United States	(1)	$1,195,788	$298,947	(2)	$1,494,735
Alabama		$24,779	$6,195		$30,973
Alaska		$2,385	$596		$2,981
Arizona		$21,396	$5,349		$26,745
Arkansas		$15,166	$3,791		$18,957
California		$102,297	$25,574		$127,871
Colorado		$12,098	$3,025		$15,123
Connecticut		$18,424	$4,606		$23,030
Delaware		$2,525	$631		$3,156
D. C.		$4,132	$1,033		$5,165
Florida		$37,028	$9,257		$46,284
Georgia		$40,275	$10,069		$50,344
Hawaii		$3,770	$943		$4,713
Idaho		$6,042	$1,511		$7,553
Illinois		$46,159	$11,540		$57,698
Indiana		$21,059	$5,265		$26,323
Iowa		$11,089	$2,772		$13,862
Kansas		$9,518	$2,380		$11,898
Kentucky		$25,519	$6,380		$31,899
Louisiana		$37,014	$9,254		$46,268
Maine		$6,674	$1,668		$8,342
Maryland		$15,568	$3,892		$19,461
Massachusetts		$19,883	$4,971		$24,854
Michigan		$44,311	$11,078		$55,389
Minnesota		$18,823	$4,706		$23,529
Mississippi		$25,642	$6,410		$32,052
Missouri		$24,153	$6,038		$30,191
Montana		$4,556	$1,139		$5,695
Nebraska		$6,671	$1,668		$8,339
Nevada		$4,807	$1,202		$6,009
New Hampshire		$5,087	$1,272		$6,359
New Jersey		$24,281	$6,070		$30,351
New Mexico		$9,765	$2,441		$12,207
New York		$101,861	$25,465		$127,327
N. Carolina		$37,761	$9,440		$47,202
N. Dakota		$4,824	$1,206		$6,030
Ohio		$53,125	$13,281		$66,407
Oklahoma		$19,413	$4,853		$24,266
Oregon		$11,678	$2,919		$14,597
Pennsylvania		$43,419	$10,855		$54,274
Rhode Island		$5,418	$1,355		$6,773
S. Carolina		$26,378	$6,595		$32,973
S. Dakota		$4,802	$1,201		$6,003
Tennessee		$25,641	$6,410		$32,051
Texas		$73,748	$18,437		$92,185
Utah		$9,996	$2,499		$12,495
Vermont		$5,746	$1,437		$7,183
Virginia		$23,706	$5,926		$29,632
Washington		$15,023	$3,756		$18,778
W. Virginia		$10,288	$2,572		$12,859
Wisconsin		$19,077	$4,769		$23,846
Wyoming		$3,041	$760		$3,802
Guam		$1,006	$251		$1,257
Puerto Rico		$45,795	$11,449		$57,244
Virgin Islands		$3,146	$786		$3,932

Data Sources: Food and Nutrition Service, USDA.

(1) Funds for Indian tribal organizations are included in state agency totals.
(2) Not including $5,913(000) for federal administration.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands)
10.557 SUPPLEMENTAL NUTRITIONAL ASSISTANCE FOR WOMEN, INFANTS, AND CHILDREN

		Benefits	Administration		Total
United States	(1)	$1,093,834	$273,459	(2)	$1,367,293
Alabama		$23,088	$5,772		$28,860
Alaska		$2,330	$582		$2,912
Arizona		$18,131	$4,533		$22,664
Arkansas		$12,621	$3,155		$15,777
California		$90,165	$22,541		$112,706
Colorado		$10,511	$2,628		$13,139
Connecticut		$17,512	$4,378		$21,890
Delaware		$2,340	$585		$2,925
D. C.		$4,002	$1,000		$5,002
Florida		$32,258	$8,064		$40,322
Georgia		$38,133	$9,533		$47,666
Hawaii		$3,115	$779		$3,894
Idaho		$5,112	$1,278		$6,390
Illinois		$41,888	$10,472		$52,360
Indiana		$17,797	$4,449		$22,246
Iowa		$9,936	$2,484		$12,419
Kansas		$7,985	$1,996		$9,982
Kentucky		$23,971	$5,993		$29,964
Louisiana		$35,220	$8,805		$44,025
Maine		$5,983	$1,496		$7,479
Maryland		$15,488	$3,872		$19,360
Massachusetts		$18,112	$4,528		$22,640
Michigan		$42,558	$10,640		$53,198
Minnesota		$17,850	$4,463		$22,313
Mississippi		$24,283	$6,071		$30,353
Missouri		$21,649	$5,412		$27,061
Montana		$4,222	$1,055		$5,277
Nebraska		$5,649	$1,412		$7,061
Nevada		$4,561	$1,140		$5,701
New Hampshire		$4,648	$1,162		$5,810
New Jersey		$22,818	$5,704		$28,522
New Mexico		$8,216	$2,054		$10,270
New York		$96,685	$24,171		$120,856
N. Carolina		$34,331	$8,583		$42,914
N. Dakota		$4,501	$1,125		$5,627
Ohio		$50,323	$12,581		$62,903
Oklahoma		$17,927	$4,482		$22,409
Oregon		$11,476	$2,869		$14,345
Pennsylvania		$40,640	$10,160		$50,799
Rhode Island		$5,181	$1,295		$6,476
S. Carolina		$25,505	$6,376		$31,881
S. Dakota		$4,306	$1,077		$5,383
Tennessee		$23,525	$5,881		$29,406
Texas		$64,820	$16,205		$81,025
Utah		$8,409	$2,102		$10,511
Vermont		$5,667	$1,417		$7,084
Virginia		$20,771	$5,193		$25,963
Washington		$13,084	$3,271		$16,354
W. Virginia		$9,503	$2,376		$11,878
Wisconsin		$18,542	$4,635		$23,177
Wyoming		$2,752	$688		$3,439
Guam		$965	$241		$1,207
Puerto Rico		$39,878	$9,969		$49,847
Virgin Islands		$2,893	$723		$3,617

Data Sources: Food and Nutrition Service, USDA.

(1) Funds for Indian tribal organizations are included in state agency totals.
(2) Not including $5,828(000) for federal administration.

IX. A. FY 85 RECIPIENT CHARACTERISTICS
10.557 SUPPLEMENTAL NUTRITIONAL ASSISTANCE FOR WOMEN, INFANTS, AND CHILDREN

		All Persons Served	(1)
United States		3,138,512	
Alabama		68,958	
Alaska		4,289	
Arizona		48,652	
Arkansas		33,020	
California		238,182	
Colorado		31,908	
Connecticut		45,802	
Delaware		6,482	
D. C.		10,568	
Florida		95,656	
Georgia		105,938	
Hawaii		6,624	
Idaho		14,356	
Illinois		128,476	
Indiana		61,783	
Iowa		32,014	
Kansas		23,950	
Kentucky		62,806	
Louisiana		90,381	
Maine		18,440	
Maryland		45,359	
Massachusetts		54,066	
Michigan		121,929	
Minnesota		54,948	
Mississippi		88,356	
Missouri		59,199	
Montana		11,948	
Nebraska		17,738	
Nevada		12,315	
New Hampshire		13,315	
New Jersey		64,247	
New Mexico		22,971	
New York		248,203	
N. Carolina		100,165	
N. Dakota		12,051	
Ohio		165,672	
Oklahoma		45,638	
Oregon		29,731	
Pennsylvania		148,722	
Rhode Island		13,686	
S. Carolina		66,803	
S. Dakota		12,473	
Tennessee		60,937	
Texas		191,949	
Utah		25,515	
Vermont		16,299	
Virginia		63,427	
Washington		38,347	
W. Virginia		27,245	
Wisconsin		59,588	
Wyoming		8,187	
Guam		1,950	
Puerto Rico		100,847	
Virgin Islands		6,401	

Data Sources: Food and Nutrition Service, USDA.

(1) Based on mean monthly caseload.
Participation in Indian tribal programs is included
in State agency totals.

IX. B. FY 84 RECIPIENT CHARACTERISTICS
10.557 SUPPLEMENTAL NUTRITIONAL ASSISTANCE FOR WOMEN, INFANTS, AND CHILDREN

	All Persons Served	(1)
United States	3,044,363	
Alabama	70,898	
Alaska	4,470	
Arizona	43,247	
Arkansas	29,473	
California	214,036	
Colorado	29,492	
Connecticut	46,193	
Delaware	6,188	
D. C.	11,421	
Florida	85,795	
Georgia	102,700	
Hawaii	5,694	
Idaho	12,214	
Illinois	123,764	
Indiana	53,586	
Iowa	30,844	
Kansas	21,757	
Kentucky	61,629	
Louisiana	87,274	
Maine	17,442	
Maryland	49,588	
Massachusetts	49,601	
Michigan	128,132	
Minnesota	54,478	
Mississippi	85,670	
Missouri	62,602	
Montana	11,916	
Nebraska	17,209	
Nevada	12,192	
New Hampshire	12,851	
New Jersey	61,683	
New Mexico	20,554	
New York	260,506	
N. Carolina	94,719	
N. Dakota	12,141	
Ohio	172,205	
Oklahoma	44,524	
Oregon	30,051	
Pennsylvania	143,055	
Rhode Island	14,103	
S. Carolina	67,868	
S. Dakota	12,025	
Tennessee	58,191	
Texas	180,145	
Utah	22,768	
Vermont	17,015	
Virginia	59,595	
Washington	36,885	
W. Virginia	25,900	
Wisconsin	61,335	
Wyoming	7,583	
Guam	1,873	
Puerto Rico	90,984	
Virgin Islands	6,299	

Data Sources: Food and Nutrition Service, USDA.

(1) Based on mean monthly caseload.
Participation in Indian tribal programs is included
in State agency totals.

X. A. MEAN FY 85 COSTS PER UNIT SERVED (1)
10.557 SUPPLEMENTAL NUTRITIONAL ASSISTANCE FOR WOMEN, INFANTS, AND CHILDREN

		Benefits	Administration	Total
United States	(2)	$381	$95	$476
Alabama		$359	$90	$449
Alaska		$556	$139	$695
Arizona		$440	$110	$550
Arkansas		$459	$115	$574
California		$429	$107	$537
Colorado		$379	$95	$474
Connecticut		$402	$101	$503
Delaware		$389	$97	$487
D. C.		$391	$98	$489
Florida		$387	$97	$484
Georgia		$380	$95	$475
Hawaii		$569	$142	$712
Idaho		$421	$105	$526
Illinois		$359	$90	$449
Indiana		$341	$85	$426
Iowa		$346	$87	$433
Kansas		$397	$99	$497
Kentucky		$406	$102	$508
Louisiana		$410	$102	$512
Maine		$362	$90	$452
Maryland		$343	$86	$429
Massachusetts		$368	$92	$460
Michigan		$363	$91	$454
Minnesota		$343	$86	$428
Mississippi		$290	$73	$363
Missouri		$408	$102	$510
Montana		$381	$95	$477
Nebraska		$376	$94	$470
Nevada		$390	$98	$488
New Hampshire		$382	$96	$478
New Jersey		$378	$94	$472
New Mexico		$425	$106	$531
New York		$410	$103	$513
N. Carolina		$377	$94	$471
N. Dakota		$400	$100	$500
Ohio		$321	$80	$401
Oklahoma		$425	$106	$532
Oregon		$393	$98	$491
Pennsylvania		$292	$73	$365
Rhode Island		$396	$99	$495
S. Carolina		$395	$99	$494
S. Dakota		$385	$96	$481
Tennessee		$421	$105	$526
Texas		$384	$96	$480
Utah		$392	$98	$490
Vermont		$353	$88	$441
Virginia		$374	$93	$467
Washington		$392	$98	$490
W. Virginia		$378	$94	$472
Wisconsin		$320	$80	$400
Wyoming		$371	$93	$464
Guam		$516	$129	$645
Puerto Rico		$454	$114	$568
Virgin Islands		$491	$123	$614

Data Sources: Food and Nutrition Service, USDA.

(1) Represents mean monthly cost times twelve.
(2) Benefits to Indian tribal programs are included in state agency totals.

X. B. MEAN FY 84 COSTS PER UNIT SERVED (1)
10.557 SUPPLEMENTAL NUTRITIONAL ASSISTANCE FOR WOMEN, INFANTS, AND CHILDREN

		Benefits	Administration	Total
United States	(2)	$359	$90	$449
Alabama		$326	$81	$407
Alaska		$521	$130	$651
Arizona		$419	$105	$524
Arkansas		$428	$107	$535
California		$421	$105	$527
Colorado		$356	$89	$445
Connecticut		$379	$95	$474
Delaware		$378	$95	$473
D. C.		$350	$88	$438
Florida		$376	$94	$470
Georgia		$371	$93	$464
Hawaii		$547	$137	$684
Idaho		$419	$105	$523
Illinois		$338	$85	$423
Indiana		$332	$83	$415
Iowa		$322	$81	$403
Kansas		$367	$92	$459
Kentucky		$389	$97	$486
Louisiana		$404	$101	$504
Maine		$343	$86	$429
Maryland		$312	$78	$390
Massachusetts		$365	$91	$456
Michigan		$332	$83	$415
Minnesota		$328	$82	$410
Mississippi		$283	$71	$354
Missouri		$346	$86	$432
Montana		$354	$89	$443
Nebraska		$328	$82	$410
Nevada		$374	$94	$468
New Hampshire		$362	$90	$452
New Jersey		$370	$92	$462
New Mexico		$400	$100	$500
New York		$371	$93	$464
N. Carolina		$362	$91	$453
N. Dakota		$371	$93	$463
Ohio		$292	$73	$365
Oklahoma		$403	$101	$503
Oregon		$382	$95	$477
Pennsylvania		$284	$71	$355
Rhode Island		$367	$92	$459
S. Carolina		$376	$94	$470
S. Dakota		$358	$90	$448
Tennessee		$404	$101	$505
Texas		$360	$90	$450
Utah		$369	$92	$462
Vermont		$333	$83	$416
Virginia		$349	$87	$436
Washington		$355	$89	$443
W. Virginia		$367	$92	$459
Wisconsin		$302	$76	$378
Wyoming		$363	$91	$454
Guam		$515	$129	$644
Puerto Rico		$438	$110	$548
Virgin Islands		$459	$115	$574

Data Sources: Food and Nutrition Service, USDA.

(1) Represents mean monthly cost times twelve.
(2) Benefits to Indian tribal programs are included in state agency totals.

XI. HISTORICAL DATA (In thousands)
10.557 SUPPLEMENTAL NUTRITIONAL ASSISTANCE FOR WOMEN, INFANTS, AND CHILDREN

Federal Fiscal Year		Total Federal Spending	Persons Served	Federal Staff	(1)
1985		$1,494,735	3,138	138	
1984		$1,367,293	3,045	142	
1983		$1,126,089	2,537	151	
1982		$907,220	2,189	174	
1981		$906,198	2,120	182	
1980		$694,212	1,913	182	
1979		$524,390	1,483	153	
1978		$370,569	1,181	127	
1977		$245,356	848	103	
1976	(2)	$184,029	520	62	
1975		$82,785	344	42	
1974		$9,950	88	7	
1973					
1972					
1971					
1970					
1969					
1968					
1967					
1966					
1965					
1964					
1963					
1962					
1961					
1960					

Data Sources: Food and Nutrition Service, USDA.

(1) Not in thousands.
(2) Includes $41,483(000) for the Transition Quarter.

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM

I. PROGRAM SUMMARY

The Temporary Emergency Food Assistance Program (TEFAP) was enacted in 1983 to provide federal funds to states for storage and distribution costs incurred by nonprofit organizations providing emergency nutrition assistance to needy persons. The U.S. Department of Agriculture also makes surplus commodities, obtained through farm price support and surplus removal operations, available to the states. States are responsible for assuring that TEFAP commodities are distributed only to needy households, for establishing a distribution network, and for making at least 20 percent of the federal funds allocated available to selected emergency feeding organizations (EFOs). The EFOs include charitable institutions, food banks, soup kitchens, and similar public and private nonprofit organizations.

In FY 1985, $50 million was appropriated for TEFAP grantee administration, primarily distribution and storage, and allocated to the states on the basis of the number of persons in households with incomes below the federal poverty guidelines (60 percent of the funds) and the number of unemployed persons within the state (40 percent of the funds). Surplus commodities are allocated to the states using the same formula. States enter into agreements with EFOs to assure that the surplus commodities are properly stored and distributed and allocate the food and funds on the basis of the number of households served.

Eligibility is limited to low income households. Eligibility is determined by the EFOs using criteria set by the state. Currently, income limits range from 125 to 185 percent of the federal poverty guidelines. States are permitted to use two-tiered systems that, for example, allow higher incomes for senior citizens than for other groups. States may also provide categorical eligibility for households receiving public assistance, such as AFDC or SSI benefits.

The surplus commodities distributed under TEFAP vary according to their availability. In 1985, TEFAP commodities included cheese, butter, nonfat dry milk, honey, flour, rice, and cornmeal. These foods are packaged for consumption in the home. In general, TEFAP commodities are not available to on-site feeding organizations except when there are residual amounts left at a local household distribution site.

In the 1983 TEFAP authorizing language, Congress explicitly exempted TEFAP from the usual prohibitions of direct household commodity distributions in areas where the Food Stamp Program was already in operation. Thus, TEFAP recipients may be concurrently eligible for Food Stamps and, in fact, for the whole range of nutrition programs targeted on low income households.

II. ADMINISTRATION

A. Program name: Temporary Emergency Food Assistance Program.

B. Catalog of Federal Domestic Assistance No.: 10.568
Budget account number(s): 12-3635-0-1-351.

C. Current authorizing statute: Pub. L. 98-8 (Temporary Emergency Food Assistance Act of 1983) as amended by 99-198 (Food Security Act of 1985).

D. Location of program regulations in the Code of Federal Regulations: 7 CFR Part 251.

E. Federal administering agency: Food and Nutrition Service, Department of Agriculture.

F. Primary grantee (if any) receiving program funds to provide benefits: States.

G. Subgrantee (if any) receiving program funds to provide benefits: Counties; cities; private nonprofit organizations; community action agencies.

H. Allocation of federal funds.

$50 million has been appropriated for administration, primarily distribution and storage for Fiscal Years 1986 and 1987. Funds are allocated to states annually on the basis of the number of persons in households with incomes below the poverty level (60 percent) and the number of unemployed persons within the state (40 percent). Each state agency is required to make available to emergency feeding organizations (EFOs) not less than 20 percent of the funds allocated to pay for or to cover storage and distribution costs. Funding cannot exceed 5 percent of the value of the USDA commodities distributed by the EFO. The remaining funds may be used for state storage and distribution costs.

Each state, beginning in October 1987, is required to match, in cash or in-kind, each federal dollar retained by the state and used solely for state-level activities. Funds retained by the state to pay for the direct expenses of local distribution are excluded from the matching requirement. Adjustments are made to correct for overpayments and underpayments.

In instances in which states cannot use all of the funds allocated, the funds are recovered or withheld and reallocated. Reallocations are based on the same formula used for initial allocations. Those states which request additional funds, but which have not distributed at least 94 percent of their TEFAP commodities, are not considered in the reallocation process.

Commodities are allocated to states using the same formula as that used for allocating funds.

I. Role of state and local governments in administering the program.

The Department makes surplus commodities available to states on a monthly basis using the same formula used for allocating funds. State agencies submit requests to the appropriate FNS regional office for the types and amounts of donated foods which they wish to receive. The state agency enters into agreements with EFOs for the distribution of the donated foods to low income households. The donated foods are allocated by the state agency to the EFO in a manner that ensures that such foods can be properly stored and distributed and that the EFOs normal food expenditures will not diminish by virtue of their participation in the program.

The state agency must develop and submit as part of its distribution plan to the appropriate FNS regional office: (1) a description of the income-based eligibility criteria used for determining the need of applicant households; (2) the amount of commodities to be distributed to each household, based on the number of individuals whom are considered to be part of the unit; and (3) a description of the state's monitoring system. EFOs can make direct distribution to households or they can make the commodities available to distribution sites for distribution to households.

J. Audit or quality control.

State agencies are responsible for conducting an annual review of one-third or 50, whichever is fewer, of all distribution sites. Distribution sites must be selected on the basis of the number of households served. The state agency must submit a report of review findings to the EFO addressing deficiencies and corrective action to be taken.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The program supplements the diets of low income households and provides a means to make maximum use of agricultural surpluses.

B. Allocation of program funds among activities.

The total federal expenditures for the acquisition, preparation, and distribution of TEFAP commodities to the states for FY 1985 are as follows:

Commodity	Value (Includes acquisition, processing and handling)
Butter	$177,999,947
Process Cheese	570,356,811
Cheddar Cheese	31,057
Bulk Cheese	54,117,627
NFDM	82,926,964
Cornmeal	4,879,316
Flour	14,068,032
Honey	54,043,775
Rice	14,755,804
Total	973,179,333

The state allocates the commodities within the state. The state is required to make at least 20 percent of the funds available to EFOs to cover storage and distribution costs. However, such funds cannot exceed 5 percent of the value of commodities which have been distributed by the EFO.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Program benefits are provided to low income households. Federal regulations do not define "household unit."

The Temporary Emergency Food Assistance Act of 1983, as amended, authorizes the distribution of surplus commodities to organizations such as hunger centers and soup kitchens. However, such organizations are eligible, and for the most part, receive surplus commodities as charitable institutions for use in preparing meals, rather than distributing commodities to households. According to the best available knowledge, states do not make TEFAP commodities available to on-site feeding organizations, except in instances when there are residual amounts left at a local household distribution site.

B. Income eligibility standards.

State agencies are responsible for establishing eligibility criteria for approval by the appropriate FNS regional office. Such criteria must include income-based standards and the methods by which households may demonstrate eligibility. Currently, income limits range from 125 percent to 185 percent of the federal poverty income guidelines.

Currently, there are no data on average income levels of TEFAP recipients. As part of a Congressionally mandated study due April 1, 1987, FNS will be surveying a nationally representative sample of TEFAP recipients. The survey will collect recipient income data.

States are permitted to use a two-tiered system. For example, senior citizens with income that does not exceed 185 percent of the federal income poverty guidelines are eligible; other households cannot exceed 165 percent. States are not required to include or exclude income used on the list of income sources published as part of the federal income poverty guidelines.

C. Other eligibility requirements.

States are not precluded from establishing a work requirement. States may also require that the household reside in the state, but cannot use length of residency as an eligibility criteria.

D. Other income a recipient unit is required or expected to spend to receive benefits.

None.

V. BENEFITS AND SERVICES

A. Program intake processes.

State agencies make the commodities available to EFOs for their use in providing nutrition assistance to the needy. An EFO is any public or nonprofit private organization which provides food to needy persons. EFOs include charitable institutions, food banks, hunger centers, soup kitchens, and similar public or private nonprofit eligible recipient agencies. Needy individuals may be referred to any of these organizations by a neighbor, a church, or an assistance caseworker. Some states make public announcements regarding the distribution of the commodities and the eligibility criteria through the local news media. Each state is responsible for establishing the method to be used by households in applying for participation in the program.

FNS estimates that approximately 30 percent of all TEFAP commodities in FY 1983 were distributed through food banks.

B. Program benefits or services.

Commodities are made available to state agencies on a monthly basis. Each state allocates the commodities for households within the state and develops its own distribution plan. The following commodities and pack sizes are made available to states:

Process Cheese	5 lb. loaves	Butter	1 lb. prints
Nonfat Dry Milk	4 lb. package	Cornmeal	5 lb. package
Flour	5 lb. package	Rice	2 lb. package
Honey	3 lb. can		

States develop distribution guide rates based on household size. There are no federal limitations on the number of food packs a household can receive during a specified period of time. The necessary data to project the average monthly value of a food pack are not available, because distributions vary depending on the availability of the commodities.

There are no federal indexing provisions.

C. Duration of benefits.

Information is not collected relative to duration of benefits.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility.

States establish eligibility criteria and many states provide categorical eligibility for households participating in the Food Stamp Program, the Aid to Families with Dependent Children Program, and the Supplemental Security Income Program.

B. Counting assistance from other programs.

States establish eligibility criteria.

C. Overlapping authorities and benefits.

Broadly, there are other programs which provide assistance to support the needs of low income people, the most prominent of which are the Aid to Families with Dependent Children (AFDC) Program and the Supplemental Security Income Program. Specifically, referring to food assistance needs, the Food Stamp Program is available to the low income population in general. TEFAP is available to all households meeting the state's eligibility criteria and may supplement the Food Stamp benefits of some recipients. Other food assistance programs provide benefits to a similar population, but are somewhat different insofar as they provide meals or assistance to meet longer term needs, while TEFAP provides temporary commodity assistance.

TEFAP was established to serve a dual purpose. In addition to providing nutritional assistance to low income households, TEFAP provides an outlet for commodities acquired under farm price support legislation. In TEFAP authorizing language, Congress anticipated that there would be some overlap between Food Stamp and commodity receipt and included language to assure that prohibitions of direct household commodity distribution in areas where the Food Stamp Program was in operation would not apply to TEFAP distributions. Congress subsequently removed the provision altogether.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and House of Representatives.

Senate

Committee on Agriculture, Nutrition and Forestry
    Subcommittee on Nutrition

House of Representatives

Committee on Agriculture
    Subcommittee on Domestic Marketing, Consumer Relations and Nutrition

B. Appropriating subcommittees.

Senate

Subcommittee on Agriculture, Rural Development and Related Agencies

House of Representatives

Subcommittee on Agriculture, Rural Development and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

House of Representatives

Committee on Government Operations
    Subcommittee on Government Information, Justice and Agriculture

Committee on Hunger

Committee on Aging

D. Federal legislation.

Pub. L. 98-8 includes the following provisions:

Title I contains an appropriation of $100 million to the Federal Emergency Management Agency to carry out an emergency food and shelter program. Title I also appropriates $75 million for the purchase and distribution of perishable agricultural commodities such as meats, fruits, and vegetables to states for use in areas of high unemployment. These commodities are to be distributed to cooperative emergency feeding facilities which provide on-site nutrition services to indigent persons.

Title II of Pub. L. 98-8, which is designated as the Temporary Emergency Food Assistance Act of 1983, provides for the distribution of surplus agricultural commodities from CCC stocks to various outlets. Title II also appropriates $50 million to be provided to states to pay the cost of distribution and storage of commodities. At least $10 million of these funds are to be given by state agencies to outlets such as food banks and soup kitchens for costs incurred in providing commodities to needy persons to relieve emergency situations.

Pub. L. 98-92 - Amended Title II of Pub. L. 98-8 and extended its provisions through September 30, 1985. The amendments authorized appropriations of $50 million each for Fiscal Years 1984 and 1985 to assist states in storage and distribution costs, with the same provisions for pass-through for local costs of at least 20 percent of funds appropriated. In addition, the amendments require that: (1) states shall, with the approval of the Secretary, determine those persons that qualify as needy with each state; (2) the Secretary shall take necessary precautions that food donations under Title II shall not displace commercial sales.

Pub. L. 98-198 - The Food Security Act of 1985, reauthorized the Temporary Emergency Food Assistance Program through Fiscal Year 1987; required state matching.

E. Major federal implementing regulations and regulatory changes.

Pub. L. 96-494 - Agricultural Act of 1980. Section 211 required USDA to conduct demonstration projects involving surplus food donations to food banks for emergency food box distribution to needy families and individuals and to submit a report evaluating the effectiveness of the donation to Congress on October 1, 1982. FNS published a Notice announcing the project and solicited applications for participation. A one-year demonstration at three project sites began in early FY 1982. The demonstration was later expanded to four additional sites so that each of the seven FNS Regions had a project.

Section 1114 of the Agriculture and Food Act of 1981, Pub. L. 97-98, required that price-support commodities "not likely to be sold by CCC or otherwise used in programs for commodity sale or distribution" be made available to nutrition programs under the Older Americans Act, child nutrition programs providing food service, and food banks. (On December 22, 1981, the day of enactment of Pub. L. 97-98, the President announced the availability of surplus process cheese to states for distribution to needy persons in households through food banks.) A Notice was published announcing the availability of the cheese for distribution to needy households and the amount which would be made available to state agencies on a monthly basis. On December 3, 1982, a Notice was published announcing the availability of butter.

Title I of Pub. L. 98-8, enacted March 24, 1983, appropriated $75 million for the purchase and distribution of perishable agricultural commodities during Fiscal Year 1983 for use in areas of high unemployment. These commodities were made available through state agencies to cooperative emergency feeding facilities which provided congregate nutrition services to indigent persons. Title II of Pub. L. 98-8 was designated as the Temporary Emergency Food Assistance Act of 1983 and provided for the distribution of surplus agricultural commodities acquired by the Commodity Credit Corporation to various outlets for the fiscal year ending September 30, 1983.

Pub. L. 98-92 amended Title II of Pub. L. 98-8 and extended the program through Fiscal Years 1984 and 1985. Title I of Pub. L. 98-8 was not extended. Regulations extending the program were published on December 16, 1983.

Pub. L. 99-198 - the Food Security Act of 1985, extends the program through September 30, 1987. Regulations extending the program were published on April 16, 1986. The Law also requires each state to match, in cash or in-kind, each federal dollar retained by the state and used for state-level activities beginning in January 1987. Regulations implementing the matching requirement are forthcoming, and will delay implementation of the matching provision until October 1987. All other provisions will be effective January 1987.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (In thousands)
10.568 TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM

	Benefits (1)	Administration (2)	Total
United States	$957,924	$49,796	$1,007,720
Alabama	$24,238	$1,180	$25,418
Alaska	$0	$0	$0
Arizona	$12,877	$491	$13,368
Arkansas	$14,183	$652	$14,836
California	$91,800	$4,814	$96,614
Colorado	$8,919	$514	$9,433
Connecticut	$8,331	$444	$8,775
Delaware	$1,642	$110	$1,752
D. C.	$4,783	$182	$4,966
Florida	$35,211	$2,053	$37,264
Georgia	$9,648	$1,266	$10,915
Hawaii	$2,455	$161	$2,615
Idaho	$5,147	$194	$5,341
Illinois	$59,392	$2,455	$61,847
Indiana	$37,847	$1,076	$38,923
Iowa	$15,154	$501	$15,654
Kansas	$11,145	$390	$11,535
Kentucky	$33,564	$1,047	$34,611
Louisiana	$14,800	$1,244	$16,044
Maine	$4,598	$216	$4,814
Maryland	$9,883	$693	$10,576
Massachusetts	$13,104	$828	$13,932
Michigan	$40,800	$2,139	$42,940
Minnesota	$24,891	$729	$25,620
Mississippi	$14,423	$878	$15,302
Missouri	$23,439	$992	$24,431
Montana	$3,483	$164	$3,648
Nebraska	$5,600	$239	$5,839
Nevada	$3,464	$161	$3,625
New Hampshire	$2,020	$122	$2,142
New Jersey	$1,320	$1,202	$2,521
New Mexico	$7,364	$339	$7,703
New York	$77,077	$3,710	$80,787
N. Carolina	$17,377	$1,328	$18,705
N. Dakota	$1,434	$121	$1,554
Ohio	$46,592	$2,255	$48,847
Oklahoma	$21,383	$646	$22,029
Oregon	$12,941	$597	$13,537
Pennsylvania	$53,396	$2,287	$55,683
Rhode Island	$1,835	$155	$1,990
S. Carolina	$9,387	$737	$10,125
S. Dakota	$3,855	$148	$4,003
Tennessee	$23,290	$1,233	$24,522
Texas	$61,486	$3,146	$64,633
Utah	$6,468	$267	$6,735
Vermont	$801	$89	$890
Virginia	$6,139	$949	$7,088
Washington	$26,253	$886	$27,140
W. Virginia	$14,701	$576	$15,278
Wisconsin	$21,307	$812	$22,119
Wyoming	$1,675	$70	$1,745
Guam	$255	$26	$281
N. Mariana Is.	$23	$10	$33
Puerto Rico	$4,139	$2,243	$6,382
Virgin Islands	$584	$27	$611

Data Sources: Food and Nutrition Services, USDA.

(1) Benefits are price support commodities donated to states. Value is calculated by multiplying the pounds times the market value at time of delivery; actual outlays are shown in the Commodity Credit Corporation.
(2) Outlays shown are part of outlay schedules for Commodity Credit Corporation.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (In thousands)
10.568 TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM

	Benefits (1)	Administration (2)	Total
United States	$1,045,827	$48,752	$1,094,579
Alabama	$26,334	$1,367	$27,700
Alaska	$0	$0	$0
Arizona	$12,045	$620	$12,664
Arkansas	$12,791	$661	$13,452
California	$97,794	$5,100	$102,894
Colorado	$9,636	$543	$10,179
Connecticut	$9,556	$483	$10,040
Delaware	$1,932	$136	$2,068
D. C.	$5,572	$191	$5,763
Florida	$21,242	$2,124	$23,366
Georgia	$22,920	$1,294	$24,214
Hawaii	$3,247	$159	$3,406
Idaho	$4,835	$235	$5,070
Illinois	$66,313	$2,031	$68,345
Indiana	$45,713	$1,038	$46,750
Iowa	$18,964	$495	$19,459
Kansas	$8,442	$384	$8,826
Kentucky	$32,704	$1,153	$33,857
Louisiana	$25,839	$1,182	$27,020
Maine	$4,491	$254	$4,746
Maryland	$13,954	$707	$14,661
Massachusetts	$17,820	$969	$18,789
Michigan	$47,900	$2,271	$50,170
Minnesota	$26,825	$720	$27,545
Mississippi	$14,369	$906	$15,275
Missouri	$19,497	$1,058	$20,556
Montana	$3,864	$162	$4,026
Nebraska	$6,616	$257	$6,873
Nevada	$3,443	$172	$3,614
New Hampshire	$2,115	$134	$2,250
New Jersey	$12,504	$1,315	$13,819
New Mexico	$7,840	$359	$8,199
New York	$64,733	$3,874	$68,607
N. Carolina	$19,756	$1,045	$20,800
N. Dakota	$2,321	$120	$2,441
Ohio	$47,015	$587	$47,603
Oklahoma	$24,280	$672	$24,952
Oregon	$12,303	$558	$12,861
Pennsylvania	$77,050	$2,672	$79,721
Rhode Island	$2,690	$158	$2,849
S. Carolina	$15,516	$789	$16,305
S. Dakota	$5,141	$147	$5,288
Tennessee	$24,073	$1,265	$25,339
Texas	$42,991	$3,391	$46,382
Utah	$6,882	$280	$7,162
Vermont	$2,465	$105	$2,570
Virginia	$17,482	$938	$18,420
Washington	$21,321	$854	$22,174
W. Virginia	$16,518	$550	$17,068
Wisconsin	$24,059	$863	$24,922
Wyoming	$3,207	$93	$3,300
Guam	$552	$25	$577
N. Mariana Is.	$354	$8	$361
Puerto Rico	$6,715	$1,254	$7,969
Virgin Islands	$1,287	$26	$1,313

Data Sources: Food and Nutrition Service, USDA.

(1) Benefits are price support commodities donated to states. Value is calculated by multiplying the pounds times the market value at time of delivery; actual outlays are shown in the Commodity Credit Corporation.
(2) Outlays shown are part of outlay schedules for Commodity Credit Corporation.

XI. HISTORICAL DATA (Dollars in thousands)
10.568 TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM

Federal Fiscal Year		Total Federal Outlays	(1)	Total Staff	
1985		$973,037		7	
1984		$1,027,213		6	
1983		$900,668		1	
1982		$179,460			
1981					
1980					
1979					
1978					
1977					
1976					
1975					
1974					
1973					
1972					
1971					
1970					
1969					
1968					
1967					
1966					
1965					
1964					
1963					
1962					
1961					
1960					

Data Sources: Food and Nutrition Service, USDA.

(1) Federal outlays for commodities donated to states and administration. Differs from Table VIII in that actual outlays rather than estimates of market value are listed.

NUTRITION ASSISTANCE PROGRAM
FOR PUERTO RICO

I. PROGRAM SUMMARY

The Nutrition Assistance Program (NAP) provides federal funds to the Commonwealth of Puerto Rico to enable low income individuals and families to obtain more nutritious diets. Under the block grant approach adopted in 1981, Puerto Rico designs and operates NAP with minimal federal requirements. The majority of NAP funds are used to provide cash assistance to needy households, although Puerto Rico has the discretion to use NAP funds to finance projects to enhance the self-sufficiency and nutritional status of needy citizens.

In FY 1987, $852.75 million was appropriated to fund NAP and it is expected that about 405,000-410,000 households per month will receive an average monthly benefit of about $45 per person. The federal funds fully cover benefit costs and 50 percent of administrative costs; Puerto Rico is required to pay at least 50 percent of administrative costs. The federal appropriation is currently authorized at $852.75 million for FY 1987, $879.75 million for FY 1988, $908.25 million for FY 1989, and $936.75 million for FY 1990.

Eligibility for NAP cash assistance is limited to low income households. Low income is defined differently for households with and without elderly or disabled members. Households without elderly or disabled members must have gross monthly incomes below 130 percent of the 1982 federal poverty guidelines and must have net incomes (gross incomes minus certain deductions) below 100 percent of the same guidelines; households with elderly or disabled persons need meet only the net income test. Nonelderly households may not have more than $1,000 in assets. There are no job search or work requirements, although strikers and persons who voluntarily quit work are not eligible under most circumstances.

The 1981 law that established the NAP block grant was enacted as a result of concern over the size of the Food Stamp Program (FSP) in Puerto Rico. In FY 1981, about 56 percent of Puerto Rico's population participated in FSP and accounted for about 8 percent of national FSP expenditures. To reduce spending, Congress enacted NAP and capped funding at $825 million, thought to be a 25 percent reduction from projected expenditures under prior law.

II. ADMINISTRATION

A. Program name: Nutrition Assistance Program for Puerto Rico.

B. Catalog of Federal Domestic Assistance No.: 10.566
Budget account number(s): 12-3550-0-1605.

C. Current authorizing statute: Pub. L. 97-35.

D. Location of program regulations in the Code of Federal Regulations: 7 CFR 285.

E. Federal administering agency: Food and Nutrition Service, Department of Agriculture.

F. Primary grantee (if any) receiving program funds to provide benefits: Puerto Rico.

G. Subgrantee (if any) receiving program funds to provide benefits: None.

H. Allocation of federal funds.

Annual Nutritional Assistance Program (NAP) funding is authorized at $852.75 million for FY 1987, $879.75 million for FY 1988, $908.25 million for FY 1989, and $936.75 million for FY 1990. Puerto Rico is required to provide at least 50 percent of related administrative expenses and submit an annual plan of operation which must be approved by USDA.

I. Role of state and local governments in administering the program.

The authorizing legislation allows Puerto Rico to design and operate NAP as a block grant with minimal federal requirements.

J. Audit or quality control.

The authorizing legislation provided Puerto Rico with broad discretion concerning program operations and does not require regular, detailed reporting information such as program error rates. No penalties have been levied and no funds have been suspended.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The purpose of the program is identical to that of the Food Stamp Program (FSP) and embodied in the Food Stamp Act of 1977, as amended: to alleviate hunger and malnutrition by establishing a program to "permit low income households to obtain more nutritious diets through normal channels of trade by increasing food purchasing power for all eligible households who apply for participation."

B. Allocation of program funds among activities.

Allocation is at the discretion of Puerto Rico. The majority of funds have been used to provide cash assistance through a check delivery system. Puerto Rico also provides for 50 percent of the program's administrative cost. The Commonwealth also employs a small proportion of the funds to finance projects which will facilitate the increase of self-sufficiency and nutritional status of needy citizens. Two projects were funded in Fiscal Year 1986:

Tick Eradication Project. The objective of this project is to carry out appropriate treatment and control activities directed toward the enhancement of livestock productivity through the island-wide eradication of cattle ticks. The estimated Fiscal Year 1986 costs are $8.6 million.

Crop Protection Project. This project's objective is to reduce crop losses through appropriate training, treatment, and control activities designed to assist farmers in protecting crops from insect damage. The estimated Fiscal Year 1986 costs are $0.5 million.

Only the Tick Eradication Project is authorized for FY 1987 and is funded at $8.6 million.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

The unit for which eligibility for program benefits is a household. NAP's household definition is a person living alone or a group living together under the same roof with definite plans to share the same food. Exceptions to this definition are: tenants, lodgers, owners of boarding houses, elderly and disabled persons, and persons receiving Social Security or public assistance disability. These persons may choose to be separate NAP households.

B. Income eligibility standards.

As with the Food Stamp Program, gross and net income limits are used in determining NAP eligibility. The income limits are based on the 1982 poverty line. Households with elderly or disabled persons need only meet a monthly net income eligibility standard (gross income less certain income exclusions and deductions).

NAP's income exclusions are similar to those in place in the Food Stamp Program in 1982. Approximately 24 percent of NAP households had earnings in June 1984.

C. Other eligibility requirements.

No job search or work requirements have been established. Since Puerto Rico does not participate in the Food Stamp Program, it is not required to implement the recently passed Food Stamp Employment and Training Program.

D. Other income a recipient unit is required or expected to spend to receive benefits.

Recipients do not have to pay anything to receive benefits but they are expected to spend 30 percent of their net monthly income on food, in addition to the assistance they receive, to obtain a more nutritionally balanced diet.

V. BENEFITS AND SERVICES

A. Program intake processes.

Persons must apply at local welfare offices for participation in NAP. The local office staff interviews the applicant and follow up the interview, where possible, by verifying the applicant information with existing computer capability. If declared eligible, a NAP check is subsequently mailed twice each month to the applicant's residence.

B. Program benefits or services.

The average monthly benefit per person during Fiscal Year 1986 was $44.60.

The program does not have either automatic indexing provisions or entitlement program features. Since the NAP grant is fixed, the basis of issuance is fixed at an estimated level of participation during the year to cover expected participation. If participation is lower or higher than expected, benefits issued during the latter part of that year will be increased or decreased.

C. Duration of benefits.

No information is available.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

No information is available.

B. Counting assistance from other programs.

No information is available.

C. Overlapping authorities and benefits.

A variety of other federal or federally supported programs provide benefits to some of the same population that receives NAP assistance and these other benefits may be utilized in order to supplement NAP benefits. Aid to Families with Dependent Children is an example of a federal program which could supplement food assistance provided by NAP. Moreover, various food assistance programs, which provide benefits in forms other than cash, also serve some of the people who may participate in NAP. School-age children in NAP households can receive school lunches and many of these children can also receive school breakfasts. Women who are pregnant, infants, and young children at nutritional risk, may receive benefits through the Special Supplemental Food for Women, Infants, and Children (WIC) Program. The Food Donation Program channels USDA purchased commodities to schools, institutions, and summer feeding programs. The Temporary Emergency Food Assistance Program (TEFAP) provides surplus cheese, milk, and rice to needy families. Finally, USDA contributes commodities and cash for a nutrition program for the elderly under the Older Americans Act.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Agriculture, Nutrition and Forestry
    Subcommittee on Nutrition

House of Representatives

The Committee on Agriculture
    Subcommittee on Domestic Marketing, Consumer Relations and Nutrition

B. Appropriating subcommittees.

Senate

Subcommittee on Agriculture, Rural Development and Related Agencies

House of Representatives

Subcommittee on Agriculture, Rural Development and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

House of Representatives

Committee on Interior and Insular Affairs

D. Federal legislation.

The Omnibus Budget Reconciliation Act of 1981 (Pub. L. 97-35) terminated Puerto Rico's participation in the Food Stamp Program and provided funds for a block grant to provide food assistance for needy persons.

The law which established the Puerto Rico block grant was enacted due to concern over the size of the Food Stamp Program (FSP) in Puerto Rico. In Fiscal Year 1981, approximately 1.8 million persons in Puerto Rico, or approximately 56 percent of the island's population, participated in the FSP. Puerto Rico's participation was 8 percent of the total participation in the 1981 FSP and accounted for approximately $915 million or 8 percent of total FSP expenditures. Projections based on 1980 figures estimated that Fiscal Year 1982 FSP participation in Puerto Rico would account for 10 percent of total program expenditures, which would exceed $1 billion. In order to reduce spending, Congress passed the Puerto Rico block grant that placed a fixed limit of $825 million on the funds available to Puerto Rico and capped them at that level. The $825 million block grant was calculated to be a 25 percent reduction from the projected costs for Fiscal Year 1982.

The Omnibus Reconciliation Act of 1982 (Pub. L. 97-253) required that after Fiscal Year 1983 benefits be provided in forms other than cash and required USDA to conduct a study of the program. Pub. L. 98-204 extended the cash program until July 1985 and required USDA to conduct a second study. Pub. L. 99-198, The Food Security Act of 1985, deleted the noncash provision and authorized increases in the block grant amount for Fiscal Years 1987-1990.

VIII. TOTAL PROGRAM SPENDING (1)
10.566 NUTRITION ASSISTANCE PRGRAM FOR PUERTO RICO

	Benefits	Administration (2)	Total
FY 85	$788,583	$35,981	$824,564
FY 84	$768,827	$45,399	$814,226

Data Sources: Food and Nutrition Service, USDA.

(1) In thousands.
(2) Outlays for administration include about $13.4 million for special projects; Federal administrative costs were $185(000) for FY 1985 and $215(000) for FY 1984.

IX. RECIPIENT CHARACTERISTICS (1)
10.566 NUTRITION ASSISTANCE PROGRAM FOR PUERTO RICO

	All Persons Served (2)
FY 85	1,480
FY 84	1,530

Data Sources: Food and Nutrition Service, USDA.

(1) In thousands.
(2) Estimated average monthly participation.

X. MEAN COSTS PER PERSON SERVED (1)
10.566 NUTRITION ASSISTANCE PROGRAM FOR PUERTO RICO

	Benefits	Administration	Total
FY 85	$533	$24	$557
FY 84	$503	$30	$532

Data Sources: Food and Nutrition Service, USDA.

(1) Based on mean monthly caseload.

XI. HISTORICAL DATA (Dollars in thousands)
10.568 NUTRITION ASSISTANCE PROGRAM FOR PUERTO RICO

Federal Fiscal Year		Total Federal Outlays		Persons Served	(1)	Federal Staff		
1985		$824,564		1,480,000		5		
1984		$814,226		1,530,000		6		
1983		$814,163		1,570,000		21		
1982	(2)	$876,800		1,300,000		118		
1981								
1980								
1979								
1978								
1977								
1976								
1975								
1974								
1973								
1972								
1971								
1970								
1969								
1968								
1967								
1966								
1965								
1964								
1963								
1962								
1961								
1960								

Data Sources: Food and Nutrition Service, USDA.

(1) Estimate.
(2) Block Grant Program began on July 1, 1982 with a grant of $206,500(000) for FY 1982.
This figure estimates the entire FY 1982 amount for Puerto Rico.
The Food Stamp Program operated in Puerto Rico between July 1975 and June 1982.
Expenditure and recipient data for that period are shown on Table XI for the Food Stamp Program.

CHILD CARE FOOD PROGRAM

I. PROGRAM SUMMARY

The Child Care Food Program (CCFP) assists states to conduct nonprofit food service programs in nonresidential child care institutions and family day care homes. State educational agencies generally administer the program through agreements with public and private sponsors of local services, such as day care centers, settlement houses, recreation centers, Head Start centers, and family or group day care home programs.

In addition, private and for-profit day care centers are also eligible under the program if at least 25 percent of the children served receive assistance under the Social Services Block Grant. Eligibility for CCFP meals is available to children age 12 and under, migrant children age 15 and under, and handicapped persons of any age who are enrolled in centers supported by the program.

All CCFP meals and snacks served to nonresident children in family day care homes are free regardless of household income. In child care centers, children receive free meals if their household's gross annual income does not exceed 130 percent of the federal poverty guidelines; they are eligible for reduced price meals if their household's gross income is between 130 and 185 percent of the poverty guidelines. Upper income children receive a base subsidy as well. Children receive up to two meals and one snack per day.

Federal funding is provided according to reimbursement rates for meals and snacks served and in proportion to the number of meals served free, at reduced price, and full price. There is no requirement for matching funds from nonfederal sources. In FY 1985, abut 642 million meals were served under CCFP at a total federal cost of about $418 million.

Legislation in 1968 established the Special Food Service Program for Children, a three-year pilot program that was the forerunner of CCFP. The program has grown steadily, serving 42 million meals in 1970, 224 million in 1975, 436 million in 1980, and 642 million in 1985. The federal costs of the programs have steadily increased as well, in real dollars, by nearly 1000 percent from 1970 to 1985. These increases are due, in significant part, to a succession of legislative expansions in the program.

II. ADMINISTRATION

A. Program name: Child Care Food Program.

B. Catalog of Federal Domestic Assistance No.: 10.558
Budget account number(s): 12-3539-0-1-605.

C. Current authorizing statute: National School Lunch Act, as amended.

D. Location of program regulations in the Code of Federal Regulations: 7 CFR Part 226.

E. Federal administering agency: Food and Nutrition Service, Department of Agriculture.

F. Primary grantee (if any) receiving program funds to provide benefits: States.

G. Subgrantee (if any) receiving program funds to provide benefits: Counties; cities; private nonprofit organizations.

H. Allocation of federal funds.

The Child Care Food Program (CCFP) is an entitlement program which provides funds for payment to state agencies for meals and snacks served free, at reduced price, or full price (as determined by income eligibility criteria) to children attending participating child care institutions and free to all nonresident children in participating family day care homes, as well as to family day care providers' children who qualify for free or reduced price meals.

Funds paid to any state for the CCFP are made available by means of a Letter of Credit/Grant Award Document issued by FNS in favor of the state agency. State agencies are required to use these funds to reimburse sponsoring organizations for eligible program meals and snacks served during each fiscal year. The reimbursement rates for FY 1985 are shown below.

CCFP REIMBURSEMENT RATES 1985 SCHOOL YEAR

Meal	Child Care Centers			Homes
	Free	Reduced Price	Full Price	All Meals Free
Breakfast	$ .655	$.355	$.095	$.5475
Lunch/ Supper*	$1.375	$.975	$.24	$1.075
Supplements	$ .345	$.1725	$.0325	$.32

* Rates include commodity assistance rate of $.12 for child care centers.

A child care institution is any public or private nonprofit organization or any proprietary Title XX center (as defined in 7 CFR, Part 226) licensed or approved to provide nonresidential child care services to enrolled children, primarily of preschool age. Examples include day care centers, settlement houses, neighborhood centers, Head Start centers, and organizations providing day care services for handicapped children. A family day care home is a private home where child care services are provided, generally by one individual, to a limited number of children.

Commodity entitlement for the CCFP is authorized by Section 17 of the National School Lunch Act, as amended. Each state receives USDA commodity assistance for the CCFP in an amount determined by multiplying the current commodity assistance rate times the total number of lunches and suppers served by child care centers and family day care homes which choose to receive commodities. The commodity assistance rate is adjusted and announced annually for the school year period, July 1 - June 30. The annual adjustment is based on the changes in the Price Index for Food Used in Schools and Institutions, as specified in Section 6(e) of the National School Lunch Act.

The current per-meal commodity assistance rate for the period July 1, 1986 - June 30, 1987, is 11.25 cents for each lunch and supper served in the CCFP. Where provided for by the state agency, a sponsor may elect to receive a cash equivalent in lieu of commodities for the lunches and suppers served under the sponsor's operations.

In addition to the entitlement levels received by each state, states also receive commodities that are made available as the result of surplus removal and price support activities. These are called bonus commodities. There is no state matching requirement for CCFP.

I. Role of state and local governments in administering the program.

Within most states, the state educational agency or an alternate state agency administers the CCFP through agreements made with public and nonprofit private sponsoring organizations. In certain states, the program is administered by the FNS regional office.

J. Audit or quality control.

Audit and program review results have identified one major problem: reporting of inaccurate data on claims for reimbursement, i.e., meal service records showed that more meals are served than the institution's approved licensed capacity. Other problems identified are improperly approved free and reduced price meal applications and noncompliance with the meal pattern requirements.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

Section 17 of the National School Lunch Act, as amended, authorizes payments to states to assist them to initiate, maintain, and expand nonprofit food service programs in nonresidential child care institutions and family day care homes.

B. Allocation of program funds among activities

Federal funds are made available to state agencies amounting to the total of each type of meal (breakfast, lunch, snack, or supper) served to children who have been determined eligible for a particular category of meal (free, reduced price, or full price) times the applicable reimbursement rate for each type of meal served in child care institutions.

Meals and snacks served in family day care homes are all served free without consideration of family income level. This free rate is lower than the free rate for child care institutions.

Additional funds are paid to day care homes sponsoring organizations for administrative expenses.

TOTAL CCFP MEAL COSTS* IN FY 1985
(in millions)

Meal	Child Care Centers			Homes
	Free	Reduced Price	Full Price	All Meals Free
Breakfast	$ 42.8	$ 3.5	$ 2.2	$30.4
Lunches	119.0	13.1	8.5	78.8
Suppers	10.7	.9	.0	28.5
Supplements	28.9	2.6	1.5	31.4
Total	$201.4	$20.1	$12.2	$169.1

* Figures above include meal reimbursement and entitlement commodity funds only. Not included are funding for: Audits $3.4 million; Sponsor Administration $26.2 million; and Start-up $.04 million.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Eligibility is available to children age 12 and under, migrant children age 15 and under, and handicapped persons of any age who are enrolled in nonresidential child care centers and family day care homes. All such children in family day care homes are eligible for free meals. Eligibility for free or reduced price status in child care centers depends upon the income of a child's household. Other children receive a base subsidy.

B. Income eligibility standards.

All meals and supplements served to nonresident children are free of income restrictions in family day care homes. In child care centers, eligibility for free meals is dependent upon gross household income being no higher than 130 percent of the federal poverty guidelines. Children qualify for reduced price status if their household incomes are between 131 and 185 percent of poverty. Other children can receive paid meal subsidies. Meals served to family day care providers' children are reimbursed if the children's households are within 185 percent of poverty.

There are no deductions, disallowances or discounts from gross income. There are no limits on assets.

C. Other eligibility requirements.

None.

D. Other income a recipient unit is required or expected to spend to receive benefits.

The reduced price is paid to obtain the subsidy for reduced price meals.

V. BENEFITS AND SERVICES

A. Program intake processes.

Program intake occurs through applications for free/reduced price status which are voluntarily submitted by households to the institutions.

B. Program benefits or services.

The program provides for the nutritional needs of children. Participants receive up to two meals and one snack per day. Monthly checks are provided to participating institutions which serve as reimbursement for meals served to children.

Child care centers are reimbursed according to the proportion of meals served to free, reduced price, and paid children. Day care homes are reimbursed at a flat rate for all meals served to enrolled nonresident children and meals served to residential children if they qualify for free or reduced price status. Day care home sponsors are reimbursed for administrative expenses according to the lesser of the following:

- The product of the number of homes sponsored multiplied by a flat rate;
- The sponsor's approved budget;
- The sponsor's actual costs;
- 42.85 percent of the meal reimbursement earned by providers.

These reimbursement criteria are established by law.

Average daily meals served in 1985 by meal type and income category are shown below:

CCFP MEALS SERVED IN FISCAL YEAR 1985
(in millions)

	Free	Reduced Price	Full Price
Breakfast	120.9	9.9	22.9
Lunches	159.9	13.4	35.3
Suppers	34.3	.9	1.0
Supplements	181.7	15.2	45.0

Total meals served in both programs is 640.4 million: Family day care homes have 40 percent of the total; centers have 60 percent.

CCFP MEALS SERVED IN FISCAL YEAR 1985
(in millions)

	Day Care Homes	Child Care Centers
Breakfasts	55.5	98.2
Lunches	73.3	135.3
Suppers	26.5	9.7
Snacks	98.0	143.9
Total	253.3	387.1

Meals and snacks served under the program must meet federal standards for minimum quantities and food components: lunches and suppers must meet approximately one-third of the Recommended Dietary Allowance (RDA) for children when averaged over a period of time.

All reimbursement rates and the free/reduced price guidelines are adjusted each July to reflect changes in the Consumer Price Index for the preceding 12 months.

C. Duration of benefits.

No information about average duration is available. CCFP operates on a year-round basis. Each child in attendance on a given day may receive full program benefits.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility.

Institutions may not participate in the Special Milk Program and the CCFP simultaneously. As provided for in Pub. L. 99-500, individual beneficiaries may establish eligibility in the CCFP by proof of eligibility for the Food Stamp Program or the Aid to Families with Dependent Children (AFDC) program.

B. Counting assistance from other programs.

Where household income must be established to determine eligibility for free or reduced price meals, ordinarily, all cash income, including cash public assistance would be counted. Non-cash aid, including other non-cash food aid, would not be counted.

C. Overlapping authorities and benefits.

Broadly, there are other programs which provide assistance to support the needs of low income people, the most prominent of which are the AFDC program and Supplemental Security Income (SSI). The Food Stamp Program is available to the low income population in general. The CCFP may supplement the Food Stamp Program benefits of some recipients, though not all CCFP participants receive Food Stamps and vice versa.

Child care centers may receive federal funds beyond the CCFP. For example, the CCFP is available in federally funded Head Start programs and in programs receiving at least 25 percent of its funding from Title XX funds that are distributed in block grants to states.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committee and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Agriculture, Nutrition and Forestry
    Subcommittee on Nutrition

House of Representatives

Committee on Education and Labor
Subcommittee on Elementary, Secondary and Vocational Education

B. Appropriating subcommittees.

Senate

Subcommittee on Agriculture, Rural Development and Related Agencies

House of Representatives

Subcommittee on Agriculture, Rural Development and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

1968 Act - Established the Special Food Service Program for Children (SFSPFC), a three-year pilot program that was the forerunner of the Child Care Food Program (CCFP).

1975 Act - Established the CCFP as a separate program and expanded eligibility to include any nonresidential public or private nonprofit organization providing child care,and specifically included family day care and Head Start Programs.

1978 National School Lunch Act Amendments - Established the CCFP as a permanently authorized program.

1980 Omnibus Budget Reconciliation Act - Allowed for-profit child care sponsors to participate if they received funds under Title XX of the Social Security Act.

1981 Omnibus Budget Reconciliation Act - Provided that the family size and income of a family day care provider's child would determine if reimbursement for the meals served to that child would be paid; raised income eligibility guidelines for free and reduced price meals to parallel to NSLP; reduced paid and reduced price subsidies in centers; and decreased family day care home meal and administrative payments by 10 percent.

No significant legislation has been enacted concerning the CCFP since 1981.

E. Major federal implementing regulations and regulatory changes.

1976 Regulations were issued which implemented Pub. L. 94-105 establishing the CCFP. They provided that institutions must be public or private nonprofit and that facilities must meet licensing/approval standards. Further, participating children were required to be age 18 or younger. Free meal eligibility was established at 125 percent of the federal poverty guidelines; reduced price eligibility, at 195 percent. These regulations also permitted day care homes to participate.

1980 Regulations were issued which implemented Pub. L. 95-627. They required states to employ "alternate approval" where licensing was not available, allowed handicapped persons to participate regardless of age under certain circumstances, and eliminated free and reduced price guidelines for children in day care homes (all meals were reimbursed at one rate).

1982 Regulations were issued which implemented Pub. L. 97-35. They specified that profit making centers could participate if at least 25 percent of their enrolled children receive Title XX benefits. (The 25 percent benchmark clarified earlier unimplemented legislation.) Further, they established free meal eligibility at 130 percent of poverty, and reduced price eligibility at 185 percent. The age limit for children was lowered to 12 or younger (15 or younger for migrants; no change for handicapped). Finally, they stipulated that family day care providers' own children could be reimbursed only if they are eligible for free/reduced price meals.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (in thousands)
10.558 CHILD CARE FOOD PROGRAM

	Benefits (1)	(2)
United States	$417,537	
Alabama	$9,697	
Alaska	$2,098	
Arizona	$7,525	
Arkansas	$3,440	
California	$45,669	
Colorado	$10,957	
Connecticut	$4,448	
Delaware	$1,614	
D. C.	$1,569	
Florida	$14,828	
Georgia	$13,080	
Hawaii	$1,440	
Idaho	$1,516	
Illinois	$17,797	
Indiana	$5,476	
Iowa	$4,292	
Kansas	$5,595	
Kentucky	$3,871	
Louisiana	$16,493	
Maine	$2,524	
Maryland	$6,940	
Massachusetts	$14,505	
Michigan	$14,568	
Minnesota	$17,254	
Mississippi	$11,669	
Missouri	$7,599	
Montana	$2,071	
Nebraska	$4,368	
Nevada	$522	
New Hampshire	$1,189	
New Jersey	$9,633	
New Mexico	$5,381	
New York	$32,551	
N. Carolina	$8,310	
N. Dakota	$3,743	
Ohio	$11,897	
Oklahoma	$5,261	
Oregon	$4,278	
Pennsylvania	$13,381	
Rhode Island	$1,155	
S. Carolina	$4,677	
S. Dakota	$1,512	
Tennessee	$5,914	
Texas	$21,299	
Utah	$4,926	
Vermont	$744	
Virginia	$6,314	
Washington	$12,759	
W. Virginia	$2,490	
Wisconsin	$5,195	
Wyoming	$1,195	
Guam	$5	
Virgin Islands	$288	

Data Sources: Food and Nutrition Service, USDA.

(1) Outlays for state administration of this program are included in those shown for the School Lunch Program. No outlays for administration at the federal level are charged to this account; they are charged to the Food Program Administration account. For FY 1985, they were $2,611(000).
(2) Benefits are federal payments and commodities for meals served in participating child care centers and family day care homes.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (In thousands)
10.558 CHILD CARE FOOD PROGRAM

	Benefits (1)	(2)
United States	$390,110	
Alabama	$8,248	
Alaska	$1,828	
Arizona	$6,808	
Arkansas	$2,847	
California	$42,489	
Colorado	$9,646	
Connecticut	$5,298	
Delaware	$1,395	
D. C.	$1,592	
Florida	$13,039	
Georgia	$12,864	
Hawaii	$1,371	
Idaho	$1,180	
Illinois	$15,165	
Indiana	$4,546	
Iowa	$3,463	
Kansas	$4,733	
Kentucky	$3,251	
Louisiana	$13,406	
Maine	$2,361	
Maryland	$5,957	
Massachusetts	$17,488	
Michigan	$15,242	
Minnesota	$15,282	
Mississippi	$10,462	
Missouri	$6,511	
Montana	$1,901	
Nebraska	$3,851	
Nevada	$486	
New Hampshire	$1,047	
New Jersey	$9,379	
New Mexico	$4,073	
New York	$34,071	
N. Carolina	$7,997	
N. Dakota	$3,036	
Ohio	$11,803	
Oklahoma	$4,146	
Oregon	$3,775	
Pennsylvania	$11,840	
Rhode Island	$1,196	
S. Carolina	$4,253	
S. Dakota	$1,453	
Tennessee	$6,805	
Texas	$20,416	
Utah	$4,309	
Vermont	$495	
Virginia	$5,601	
Washington	$11,851	
W. Virginia	$2,179	
Wisconsin	$6,164	
Wyoming	$1,142	
Guam	$8	
Virgin Islands	$333	

Data Sources: Food and Nutrition Service, USDA.

(1) Outlays for state administration of this program are included in those shown for the School Lunch Program. No outlays for administration at the federal level are charged to this account; they are charged to the Food Program Administration account. For FY 1984, they were $2,431(000).
(2) Benefits are federal payments and commodities for meals served in participating child care centers and family day care homes.

IX. A. FY 85 RECIPIENT CHARACTERISTICS (in thousands)
10.558 CHILD CARE FOOD PROGRAM

	Meals Served	Children	(1)
United States	642,452	1,047	
Alabama	13,269	22	
Alaska	2,549	4	
Arizona	12,656	21	
Arkansas	5,312	9	
California	68,668	112	
Colorado	16,799	27	
Connecticut	6,861	11	
Delaware	2,594	4	
D. C.	3,070	5	
Florida	22,282	36	
Georgia	17,966	29	
Hawaii	3,352	5	
Idaho	2,161	4	
Illinois	29,460	48	
Indiana	10,155	17	
Iowa	7,273	12	
Kansas	9,520	16	
Kentucky	7,731	13	
Louisiana	21,203	35	
Maine	3,824	6	
Maryland	10,600	17	
Massachusetts	21,266	35	
Michigan	22,307	36	
Minnesota	25,146	41	
Mississippi	16,543	27	
Missouri	12,348	20	
Montana	3,198	5	
Nebraska	6,688	11	
Nevada	1,140	2	
New Hampshire	2,333	4	
New Jersey	15,651	26	
New Mexico	7,865	13	
New York	44,503	73	
N. Carolina	15,758	26	
N. Dakota	5,385	9	
Ohio	20,054	33	
Oklahoma	9,302	15	
Oregon	6,722	11	
Pennsylvania	21,664	35	
Rhode Island	1,839	3	
S. Carolina	5,727	9	
S. Dakota	2,653	4	
Tennessee	9,319	15	
Texas	31,660	52	
Utah	8,267	13	
Vermont	1,236	2	
Virginia	10,387	17	
Washington	19,788	32	
W. Virginia	4,099	7	
Wisconsin	9,341	15	
Wyoming	2,504	4	
Guam	53	0	
Virgin Islands	401	1	

Data Sources: Food and Nutrition Service, USDA.

(1) Estimated using an average attendance factor of 247 days, and an average of two and one-half meals and snacks per day.

IX. B. FY 84 RECIPIENT CHARACTERISTICS (in thousands)
10.558 CHILD CARE FOOD PROGRAM

	Meals Served	Children	(1)
United States	593,519	982	
Alabama	12,562	21	
Alaska	2,451	4	
Arizona	11,511	19	
Arkansas	4,708	8	
California	63,760	105	
Colorado	15,902	26	
Connecticut	6,130	10	
Delaware	2,287	4	
D. C.	3,093	5	
Florida	20,463	34	
Georgia	17,773	29	
Hawaii	3,220	5	
Idaho	1,689	3	
Illinois	26,516	44	
Indiana	9,100	15	
Iowa	6,347	11	
Kansas	8,308	14	
Kentucky	6,883	11	
Louisiana	16,168	27	
Maine	2,986	5	
Maryland	9,412	16	
Massachusetts	19,651	33	
Michigan	20,462	34	
Minnesota	22,338	37	
Mississippi	15,076	25	
Missouri	10,626	18	
Montana	2,954	5	
Nebraska	6,083	10	
Nevada	1,060	2	
New Hampshire	2,180	4	
New Jersey	15,221	25	
New Mexico	6,304	10	
New York	45,530	75	
N. Carolina	14,455	24	
N. Dakota	4,198	7	
Ohio	18,337	30	
Oklahoma	8,366	14	
Oregon	6,787	11	
Pennsylvania	19,058	32	
Rhode Island	1,762	3	
S. Carolina	7,358	12	
S. Dakota	2,383	4	
Tennessee	9,382	16	
Texas	31,205	52	
Utah	7,061	12	
Vermont	953	2	
Virginia	9,443	16	
Washington	18,936	31	
W. Virginia	3,735	6	
Wisconsin	8,471	14	
Wyoming	2,282	4	
Guam	70	0	
Virgin Islands	480	1	

Data Sources: Food and Nutrition Service, USDA.

(1) Estimated using an average attendance factor of 247 days, and an average of two and one-half meals and snacks per day.

X. A. MEAN FY 85 COSTS PER UNIT SERVED
10.558 CHILD CARE FOOD PROGRAM

		Benefits (1)	(2)
United States		$399	
Alabama		$448	
Alaska		$505	
Arizona		$365	
Arkansas		$397	
California		$408	
Colorado		$400	
Connecticut		$398	
Delaware		$382	
D. C.		$314	
Florida		$408	
Georgia		$447	
Hawaii		$264	
Idaho		$430	
Illinois		$371	
Indiana		$331	
Iowa		$362	
Kansas		$361	
Kentucky		$307	
Louisiana		$477	
Maine		$405	
Maryland		$402	
Massachusetts		$419	
Michigan		$401	
Minnesota		$421	
Mississippi		$433	
Missouri		$378	
Montana		$397	
Nebraska		$401	
Nevada		$281	
New Hampshire		$313	
New Jersey		$378	
New Mexico		$420	
New York		$449	
N. Carolina		$324	
N. Dakota		$426	
Ohio		$364	
Oklahoma		$347	
Oregon		$391	
Pennsylvania		$379	
Rhode Island		$385	
S. Carolina		$501	
S. Dakota		$350	
Tennessee		$389	
Texas		$413	
Utah		$366	
Vermont		$370	
Virginia		$373	
Washington		$396	
W. Virginia		$373	
Wisconsin		$341	
Wyoming		$293	
Guam		$56	
Virgin Islands		$441	

Data Sources: Food and Nutrition Service, USDA.

(1) Outlays for administration of this program are included in those shown for the School Lunch Program. No outlays for administration at the federal level are charged to this account; they are charged to the Food Program Administration account.
(2) Benefits are federal payments for meals served in participating child care centers and family day care homes. The annual level of payments per child was estimated by dividing benefits from Table VIII.A. by persons from Table IX.A.

X. B. MEAN FY 84 COSTS PER UNIT SERVED
10.558 CHILD CARE FOOD PROGRAM

	Benefits (1)	(2)
United States	$397	
Alabama	$397	
Alaska	$451	
Arizona	$357	
Arkansas	$366	
California	$403	
Colorado	$367	
Connecticut	$522	
Delaware	$369	
D. C.	$311	
Florida	$385	
Georgia	$437	
Hawaii	$257	
Idaho	$422	
Illinois	$346	
Indiana	$302	
Iowa	$330	
Kansas	$344	
Kentucky	$285	
Louisiana	$501	
Maine	$478	
Maryland	$383	
Massachusetts	$538	
Michigan	$450	
Minnesota	$413	
Mississippi	$419	
Missouri	$370	
Montana	$389	
Nebraska	$383	
Nevada	$277	
New Hampshire	$290	
New Jersey	$372	
New Mexico	$391	
New York	$452	
N. Carolina	$334	
N. Dakota	$437	
Ohio	$389	
Oklahoma	$300	
Oregon	$336	
Pennsylvania	$375	
Rhode Island	$410	
S. Carolina	$349	
S. Dakota	$368	
Tennessee	$438	
Texas	$395	
Utah	$369	
Vermont	$314	
Virginia	$358	
Washington	$378	
W. Virginia	$353	
Wisconsin	$440	
Wyoming	$302	
Guam	$72	
Virgin Islands	$420	

Data Sources: Food and Nutrition Service, USDA.

(1) Outlays for administration of this program are included in those shown for the School Lunch Program. No outlays for administration at the federal level are charged to this account; they are charged to the Food Program Administration account.
(2) Benefits are federal payments for meals served in participating child care centers and family day care homes. The annual level of payments per child was estimated by dividing benefits from Table VIII.B. by persons from Table IX.B.

XI. HISTORICAL DATA (In thousands)
10.558 CHILD CARE FOOD PROGRAM

Federal Fiscal Year		Total Federal Spending	Meals Served	(1)	Children	Federal Staff	(2)
1985		$417,537	642		1,047	66	
1984		$390,110	594		982	64	
1983		$350,257	535		909	80	
1982		$293,758	494		845	77	
1981		$357,745	547		778	80	
1980		$258,090	436		659	66	
1979		$221,697	382		598	44	
1978		$253,446	339		528	65	
1977		$295,438	311		483	64	
1976	(3)	$159,943	227		254	28	
1975		$88,984	224		375	18	
1974		$79,510	163		267	18	
1973		$34,074	118		216	9	
1972		$32,957	103		185	8	
1971		$64,761	81		154	15	
1970		$14,935	42		69	5	
1969		$2,849	8		23	1	
1968							
1967							
1966							
1965							
1964							
1963							
1962							
1961							
1960							

Data Sources: Food and Nutrition Service, USDA.

(1) In millions.
(2) Not in thousands.
(3) Includes $47,018(000) for the Transition Quarter.

SCHOOL BREAKFAST PROGRAM

I. PROGRAM SUMMARY

The School Breakfast Program (SBP) is an entitlement program that provides federal funds to states to help cover the costs of serving subsidized and free school breakfasts. Within broad federal requirements, state educational agencies administer the SBP through agreements with local schools and school districts.

About 39 percent of public school students have access to SBP breakfasts. In FY 1985, the SBP served about 594 million breakfasts at a total federal cost of about $391 million. Total federal funding for each state in a fiscal year is the sum of the products obtained by multiplying the number of free, reduced price, and full price breakfasts served by the appropriate national payment rates. There is no state matching requirement under SBP.

All students attending an SBP institution are allowed to participate in the program. Eligibility for free or reduced price breakfasts depends upon household income. Students from households with gross annual incomes at or below 130 percent of the federal poverty guidelines are eligible for free breakfasts and those between 130 and 185 percent are eligible for breakfasts at reduced prices. (However, breakfasts served to upper income students at what is called full price also receive a subsidy.) Eligibility determinations are made by an official at each school and are based on information provided on an application submitted by the student's parent or guardian.

All breakfasts for which SBP payments are provided must meet nutritional requirements specified in federal regulations.

In addition to serving public school students, the SBP serves students in private nonprofit schools of high school grade or under. Children in public or private nonprofit and licensed residential child care institutions are also eligible to participate in SBP.

II. ADMINISTRATION

A. Program name: School Breakfast Program.

B. Catalog of Federal Domestic Assistance No.: 10.553
Budget account number(s): 12-3539-0-1-605.

C. Current authorizing statute: Child Nutrition Act of 1966, as amended.

D. Location of program regulations in the Code of Federal Regulations: 7 CFR Part 220; 7 CFR Part 245.

E. Federal administering agency: Food and Nutrition Service, Department of Agriculture.

F. Primary grantee (if any) receiving program funds to provide benefits: States.

G. Subgrantee (if any) receiving program funds to provide benefits: Private nonprofit organizations; school districts.

H. Allocation of federal funds.

The School Breakfast Program (SBP) is an entitlement program which provides funds for payments to state agencies for breakfasts served free, at reduced price, and at full price to children participating in the program.

Funds paid to any state for the SBP are made available by means of a Grant Award and Letter of Credit issued by FNS in favor of the state agency. State agencies are required to use these funds to reimburse school food authorities for eligible program breakfasts served during each fiscal year. There is no state matching requirement in the SBP.

The total amount of payments for each state for any fiscal year is the sum of the products obtained by multiplying the number of eligible paid, reduced price, and free breakfasts served during the fiscal year, by the applicable national payment rates.

Unlike the National School Lunch Program (NSLP), which has general assistance funds for all lunches plus additional special assistance payments for lunches served free or at a reduced price, the SBP has only one authorized set of funds which covers paid, reduced price, and free breakfasts.

Free and reduced price breakfasts may receive a higher meal payment if the participating school is designated eligible for "severe need" payments. The designation is determined if the school had 40 percent of lunches or more in the NSLP served free or at reduced price in the second previous year and if the standard per meal reimbursement rates are insufficient to cover the costs of the school's breakfast program.

There is no commodity entitlement for the SBP. However, most participating SBP school also have the NSLP and commodities earned by the NSLP are freely available to support the SBP. States and schools also receive commodities that are made available as the result of surplus removal and price support activities. These are called bonus commodities.

I. Role of state and local governments in administering the program.

Within each state, the state educational agency administers the SBP through agreements made with public and nonprofit private school districts. In certain residential child care institutions and nonprofit private schools, the program is administered by an FNS regional office or by an alternate state agency. Alternate agencies are designated by the Governor or other appropriate executive or legislative authority of the state and approved by USDA.

State agencies are responsible for the overall administration of the program in schools, including policy and technical assistance. State agencies receive State Administrative Expense (SAE) funds from the Department to pay for salaries, office equipment, training, and travel related to the administration of the program and to carry out program objectives.

J. Audit or quality control.

The federal government does not provide standards of administrative efficiency for the SBP. However, as defined by Parts 220 and 235 of the Code of Federal Regulations, penalties may be imposed on state and local administering entities for noncompliance with SBP requirements. These range from administrative remedies, through funding reductions (including fund recoveries) to, in extreme cases, terminating program participation.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

Section 4 of the Child Nutrition Act of 1966, as amended, authorizes payments to the states to assist them to initiate, maintain, or expand nonprofit breakfast programs in schools.

B. Allocation of program funds among activities.

Federal funds are made available to state agencies for payments amounting to the sum of the products obtained by multiplying the number of free, reduced price, and paid program breakfasts served by the applicable national average payment rates as shown below.

	Free	Reduced Price	Full Price
School Year 1985			
Reimbursement Rates			
Regular	$ .6550	$ .3550	$ .0950
Severe Need	.7875	.4875	.0950
Dollars Spent (millions)			
Regular	$143.5	$5.0	$6.4*
Severe Need	$221.8	$6.1	
Average daily participation (millions)	2.9	.2	.4

* Includes full price dollars spent in both regular and severe need schools.

Additional payments are made available for breakfasts served to children qualifying for a free or reduced price meal at schools that are in severe need. A school food authority may receive severe need funding if 40 percent or more of the lunches served to students at the school (in the NSLP) in the second preceding school year were served free or at a reduced price, and if the preparation costs exceed the regular breakfast reimbursement.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Any student attending an institution which participates in the SBP is allowed to participate in the program. Eligibility for free or reduced price status depends upon the income of a child's household.

B. Income eligibility requirements.

To be eligible to receive free breakfasts, the household's annual gross income must be no higher than 130 percent of the federal poverty guidelines. To be eligible to receive reduced price breakfasts, the household's gross annual income must fall between 130 percent and 185 percent of the federal poverty guidelines.

Eligibility is determined on the basis of gross income. Gross income includes all earned cash income. No disregards, deductions, or discounts are considered. In the case of farm and nonfarm self-employed persons, eligibility is determined on the basis of net income, i.e., gross receipts minus operating expenses.

Gross income includes all unearned cash income except income received from any federal program that excludes such income by legislative prohibition, loans, the value of in-kind compensation, and student financial assistance. No disregards, deductions, or discounts are considered.

Gross income does not include any benefits received under any federal programs which are excluded from consideration as income by legislative prohibition. These programs include but are not limited to: all programs covered under the National School Lunch Act (NSLP, CCFP, FD, SFSP), the Child Nutrition Act of 1966 (SMP, SBP, WIC), and the Food Stamp Act of 1977 (FSP); reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; any payments to volunteers under Title I and II of the Domestic Volunteer Service Act of 1973 to the extent excluded by that Act; payment to volunteers under Section 8(b)(1)(B) of the Small Business Act; income derived from certain sub-marginal land of the United States which is held in trust for certain Indian tribes (25 U.S.C. 459e); payments received under the Job Training Partnership Act; income derived from the disposition of funds to the Grand River Band of Ottawa Indians; payments received under the Alaska Native Claims Settlement Act; payments by the Indian Claims Commission to the Confederated Tribes and bands of the Yakima Indian Nation or the Apache Tribe of the Mescalero Reservation; payments to the Passamaquoddy Tribe and the Penobscot Nation or any of their members received pursuant to the Maine Indian Claims Settlement Act of 1980; and payments or allowances received pursuant to the Home Energy Assistance Act of 1980.

No limitations are placed on a household's assets.

C. Other eligibility requirements.

To receive free or reduced price SBP benefits, a household must submit a complete application which includes: (1) names of all household members; (2) the social security number of each adult household member or an indication that a household member does not possess one; (3) household income received by each household member, identified by source of income and total household income, or in lieu of income information, the Food Stamp Program case number for those households currently receiving Food Stamps; and (4) the signature of an adult member of the household.

Section 9 of the National School Lunch Act allows Food Stamp and AFDC households to provide abbreviated information.

Submission of an incomplete free and reduced price application by an otherwise eligible household would preclude participation. Failure to cooperate with efforts to verify the information on the application would result in the termination of free or reduced price benefits.

D. Other income a recipient unit required or expected to spend to receive benefits

Recipients are not required or expected to spend any amount or proportion of the household's gross income in order to receive free breakfasts.

Students eligible for breakfasts at reduced price are expected to pay the reduced purchase price. There is no minimum purchase price for a reduced price breakfast; however, there is a maximum. The cost of a reduced price breakfast cannot exceed 30 cents.

V. BENEFITS AND SERVICES

A. Program intake processes.

Any public school of high school grade or under is eligible to participate in the SBP. Any nonprofit, private school of high school grade or under can also participate. Also eligible are public and private nonprofit licensed residential child care institutions (RCCIs).

An RCCI is any public or private nonprofit institution which maintains children in residence and operates principally for the care of children. There were 3,936 RCCIs participating in the SBP in October of 1985; nearly 130,000 RCCI children participated in the SBP.

All children in attendance at these participating institutions are eligible to receive SBP benefits. Participation in the SBP in schools is voluntary for each individual. Participation in RCCIs is less voluntary since the children are in residence and the SBP is the available food service.

B. Program benefits or services.

Participants in the SBP are entitled to receive nutritious breakfasts free, at a reduced price, or at a full price (which also is subsidized) depending upon their eligibility status.

The SBP provides a child with one breakfast each school day. Breakfasts served under the program must meet federal standards for minimum quantities and food components.

As specified by law, the per-meal payment rate to states is adjusted once each year to reflect the annual change in the Consumer Price Index series for Food Away from Home for All Urban Consumers.

C. Duration of benefits.

There is no limit to student participation provided the school or institution meets the eligibility criteria for program participation. As long as the school or institution is participating in the program, an enrolled student may participate for as long as the student chooses. While the SBP can be run throughout the year, it is rarely operational in schools except during the nine month school year. About 39 percent of students attending public schools have the program available. On any given day, approximately 23 percent of those students in participating schools take part in the SBP. Most students who participate do so almost every day.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility.

Section 9 of the National School Lunch Act allows Food Stamp and AFDC households to provide their case number in lieu of providing other detailed information in order to establish eligibility for free meals.

Any child enrolled in a school with the School Breakfast Program may choose whether or not to participate in the program. A child's eligibility for free and reduced price meals (both under the NSLP and the SBP) is determined during one process using one form completed by the child's household. Households do not apply for free and reduced price meals separately for the NSLP and the SBP.

Data from the National Evaluation of School Nutrition Programs indicate that in 1980, 91 percent of SBP recipients also participated in the NSLP. About 12 percent of NSLP recipients also participated in the SBP based on the same study.

A school participating in the School Breakfast Program is prohibited from participating in the Special Milk Program except that the SMP may be made available to split-session kindergarten students.

B. Counting assistance from other programs.

Cash welfare benefits are counted in full in determining eligibility. Excluded are any benefits from any federal program which are excluded by any legislative prohibition.

C. Overlapping authorities and benefits.

There are other programs which provide assistance to support the needs of low income people, the most prominent of which are Aid to Families with Dependent Children (AFDC) and Supplemental Security Income. Specifically referring to food assistance needs, the Food Stamp Program is available to the low income population in general. The SBP may supplement the benefits of some recipients. There are no other federally supported programs which provide assistance earmarked to meet the same needs as addressed by the SBP. Title XX funds are made available in a few instances to help run programs in RCCIs, but there is no requirement that the Title XX money be used for meal services in RCCIs.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Agriculture, Nutrition and Forestry
    Subcommittee on Nutrition

House of Representatives

Committee on Education and Labor
    Subcommittee on Elementary, Secondary and Vocational Education

B. Appropriating subcommittees.

Senate

Subcommittee on Agriculture, Rural Development and Related Agencies

House of Representatives

Subcommittee on Agriculture, Rural Development and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation

1966 Child Nutrition Act - Established the School Breakfast Program.

1971 Amendments - Established severe need status for certain schools.

1972 Amendments - Funding was changed to provide payment based on the number of breakfasts served.

1973 Amendments - Established specific per meal reimbursement.

1975 Amendments - The authorization for appropriations was made permanent.

1977 Amendments - Increased the maximum reimbursement for free and reduced price breakfasts in severe need schools.

1978 Amendments - Encouraged expansion of the breakfast program by providing additional financial assistance and food service equipment to local schools initiating breakfast programs.

1980 Omnibus Budget Reconciliation Act - Eliminated entitlement commodity donations for the program. Required all reimbursement rates to be adjusted annually rather than semiannually.

1981 Omnibus Budget Reconciliation Act - State authority to set severe need criteria was eliminated; reduced subsidies for paid and reduced price meals; income eligibility and documentation/verification changes followed those of NSLP.

1986 School Lunch and Child Nutrition Amendments - Private school tuition limitation increased to $2,000, categorical eligibility for AFDC and Food Stamp households, and other technical amendments.

E. Major federal implementing regulations and regulatory changes.

1967	Program regulations were first promulgated on January 5, 1967. Under these regulations, states were required to give first consideration in establishing programs in schools drawing attendance from areas in which poor economic conditions exist and in which a substantial proportion of the children enrolled must travel long distances.
1968	Regulations were expanded to include State Administrative Expenses. Each participating school was required to develop a policy statement covering the criteria used in determining eligibility for free and reduced price meals.
1969	Schools were, with state agency approval, allowed to contract with food service management companies provided that such a contract served to extend food service to needy children not previously benefiting from the program. Revisions to program regulations were made to incorporate all provisions of Pub. L. 89-642.
1971	Limitations regarding the sale of foods in competition with the breakfast and the use of federal funds were established.

1972	In cases of severe need, the Secretary authorized to pay 100 percent of the operating costs of the program. The determination of children eligible for the free and reduced price breakfast was to be based on the same income guidelines as used in the lunch program. The funding method was changed to correspond to the lunch program.
1973	The minimum national average factors for breakfast and the maximum rates of reimbursement were increased. The provision requiring breakfast program reimbursements paid to schools which are not especially needy was revoked. Semiannual adjustments to the national average payments were required.
1975	The provision of Federal Management Circular (FMC) 74-7 were included. This Circular established standards for use by federal agencies in the administration of grants to state, local, and federally recognized Indian Tribal Governments. FMC 74-7 was revised and reissued as Office of Management and Budget (OMB) Circular No. A-102 in January 1981. The restrictions on advances to school food authorities were dropped. State agencies were required to disallow any portion of a claim and recover any payment made to a school food authority that was not properly payable. Program eligibility was expanded to include residential child care institutions.
1976	Federal reimbursement was limited to one breakfast per day.
1978	The audit requirements were updated to address the provisions of OMB Circular A-102.
1979	Minimum eligibility criteria for states to use in determining schools in severe need were established. Timeframes for the submission of claims were established.
1980	The sale of foods of minimal nutritional value was restricted.
1981	Job Corps centers were excluded from participation in the program. The semiannual adjustment of national average payment rates was replaced by an annual adjustment. Uniform national eligibility criteria were established for severe need funding. Private schools with an average yearly tuition exceeding $1,500 were excluded from participation. Schools that participate in the breakfast program were prohibited from participating in the Special Milk Program.

1982	The State Plan requirements were eliminated. The requirement that cost be considered in the assignment of rates of payment of reimbursement was eliminated. Income eligibility was revised so that the free meal level was the same as the Food Stamp Program, and reduced price was lowered from 195 and 185 percent. The standard deduction was eliminated. Revised and tightened application procedures were established.
1983	The submission of claims process was tightened. Verification of eligibility was required and standards for such verification were established.
1984	Verification of eligibility procedures were revised and finalized.
1985	In response to a court suit, the restrictions on the sale of foods of minimal nutritional value were loosened.
1986	Several reimbursements increased by three cents, private school tuition limitation increased to $2,000, and other technical changes.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (In thousands)
10.553 SCHOOL BREAKFAST PROGRAM

	Benefits (1)	(2)
United States	$390,790	
Alabama	$11,222	
Alaska	$473	
Arizona	$4,845	
Arkansas	$5,213	
California	$52,321	
Colorado	$2,058	
Connecticut	$950	
Delaware	$943	
D. C.	$1,536	
Florida	$19,361	
Georgia	$18,225	
Hawaii	$2,145	
Idaho	$340	
Illinois	$10,415	
Indiana	$3,058	
Iowa	$1,275	
Kansas	$664	
Kentucky	$12,585	
Louisiana	$12,806	
Maine	$984	
Maryland	$4,408	
Massachusetts	$4,190	
Michigan	$3,626	
Minnesota	$1,651	
Mississippi	$11,830	
Missouri	$5,388	
Montana	$594	
Nebraska	$626	
Nevada	$1,042	
New Hampshire	$478	
New Jersey	$4,961	
New Mexico	$2,850	
New York	$30,549	
N. Carolina	$19,473	
N. Dakota	$312	
Ohio	$14,554	
Oklahoma	$5,045	
Oregon	$1,852	
Pennsylvania	$6,206	
Rhode Island	$796	
S. Carolina	$9,472	
S. Dakota	$1,314	
Tennessee	$11,784	
Texas	$48,903	
Utah	$551	
Vermont	$73	
Virginia	$8,018	
Washington	$2,628	
W. Virginia	$7,861	
Wisconsin	$2,138	
Wyoming	$114	
American Samoa	$880	
Guam	$615	
N. Mariana Is.	$436	
Puerto Rico	$16,069	
T. Territories	$2,003	
Virgin Islands	$78	

Data Sources: Food and Nutrition Service, USDA.

(1) Outlays for state administration of this program are included in those shown for the National School Lunch Program. No outlays for administration at the federal level are charged to this account; they are charged to the Food Program Administration account and were $2,444(000).

(2) Benefits are federal payments for breakfasts served in participating schools and other eligible institutions.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands)
10.553 SCHOOL BREAKFAST PROGRAM

	Benefits (1)	(2)
United States	$363,200	(3)
Alabama	$10,414	
Alaska	$513	
Arizona	$4,378	
Arkansas	$4,910	
California	$45,094	
Colorado	$2,046	
Connecticut	$997	
Delaware	$902	
D. C.	$1,561	
Florida	$19,110	
Georgia	$14,013	
Hawaii	$2,042	
Idaho	$286	
Illinois	$11,632	
Indiana	$2,959	
Iowa	$1,054	
Kansas	$619	
Kentucky	$11,006	
Louisiana	$10,932	
Maine	$908	
Maryland	$4,083	
Massachusetts	$4,770	
Michigan	$4,690	
Minnesota	$1,828	
Mississippi	$11,959	
Missouri	$5,243	
Montana	$540	
Nebraska	$630	
Nevada	$1,037	
New Hampshire	$458	
New Jersey	$5,286	
New Mexico	$2,609	
New York	$26,043	
N. Carolina	$20,035	
N. Dakota	$290	
Ohio	$11,638	
Oklahoma	$4,758	
Oregon	$1,828	
Pennsylvania	$5,703	
Rhode Island	$825	
S. Carolina	$8,084	
S. Dakota	$1,090	
Tennessee	$10,773	
Texas	$47,346	
Utah	$541	
Vermont	$66	
Virginia	$5,744	
Washington	$2,251	
W. Virginia	$7,450	
Wisconsin	$2,132	
Wyoming	$101	
American Samoa	$893	
Guam	$781	
N. Mariana Is.	$0	
Puerto Rico	$13,931	
T. Territories	$2,305	
Virgin Islands	$72	

Data Sources: Food and Nutrition Service, USDA.

(1) Outlays for state administration of this program are included in those shown for the National School Lunch Program. No outlays for administration at the federal level are charged to this account; they are charged to the Food Program Administration account and were $2,263(000).
(2) Benefits are federal payments for breakfasts served in participating schools and other eligible institutions.
(3) Total includes $12,963(000) for DOD Army/AF.

IX. A. FY 85 RECIPIENT CHARACTERISTICS (in thousands)
10.553 SCHOOL BREAKFAST PROGRAM

	Breakfasts Served	Students	(1)
United States	593,720	3,555	
Alabama	15,812	95	
Alaska	503	3	
Arizona	7,327	44	
Arkansas	8,947	54	
California	72,990	437	
Colorado	3,251	19	
Connecticut	1,475	9	
Delaware	1,386	8	
D. C.	2,401	14	
Florida	27,402	164	
Georgia	25,182	151	
Hawaii	3,336	20	
Idaho	579	3	
Illinois	17,335	104	
Indiana	4,816	29	
Iowa	2,183	13	
Kansas	1,193	7	
Kentucky	19,116	114	
Louisiana	21,666	130	
Maine	1,316	8	
Maryland	6,546	39	
Massachusetts	7,714	46	
Michigan	6,091	36	
Minnesota	2,665	16	
Mississippi	20,030	120	
Missouri	7,401	44	
Montana	917	5	
Nebraska	1,091	7	
Nevada	1,887	11	
New Hampshire	724	4	
New Jersey	7,162	43	
New Mexico	4,604	28	
New York	41,783	250	
N. Carolina	31,492	189	
N. Dakota	698	4	
Ohio	20,753	124	
Oklahoma	8,963	54	
Oregon	2,726	16	
Pennsylvania	8,685	52	
Rhode Island	1,210	7	
S. Carolina	13,550	81	
S. Dakota	1,901	11	
Tennessee	17,901	107	
Texas	74,722	447	
Utah	770	5	
Vermont	151	1	
Virginia	10,730	64	
Washington	4,136	25	
W. Virginia	14,287	86	
Wisconsin	2,983	18	
Wyoming	152	1	
American Samoa	1,529	9	
Guam	1,179	7	
N. Mariana Is.	532	3	
Puerto Rico	24,504	147	
T. Territories	3,191	19	
Virgin Islands	144	1	

Data Sources: Food and Nutrition Service, USDA.

(1) Estimated using an average attendance factor of 167 days per child.

IX. B. FY 84 RECIPIENT CHARACTERISTICS (in thousands)
10.553 SCHOOL BREAKFAST PROGRAM

	Breakfasts Served	Students	(1)
United States	590,307	3,535	
Alabama	17,731	106	
Alaska	463	3	
Arizona	7,091	42	
Arkansas	8,164	49	
California	64,129	384	
Colorado	3,179	19	
Connecticut	1,537	9	
Delaware	1,442	9	
D. C.	2,366	14	
Florida	28,953	173	
Georgia	25,200	151	
Hawaii	3,325	20	
Idaho	464	3	
Illinois	17,589	105	
Indiana	5,094	31	
Iowa	2,060	12	
Kansas	1,169	7	
Kentucky	19,411	116	
Louisiana	21,264	127	
Maine	1,300	8	
Maryland	6,585	39	
Massachusetts	7,576	45	
Michigan	6,265	38	
Minnesota	2,613	16	
Mississippi	20,325	122	
Missouri	7,526	45	
Montana	912	5	
Nebraska	1,111	7	
Nevada	1,843	11	
New Hampshire	680	4	
New Jersey	7,408	44	
New Mexico	4,893	29	
New York	41,342	248	
N. Carolina	32,845	197	
N. Dakota	694	4	
Ohio	21,431	128	
Oklahoma	8,943	54	
Oregon	2,575	15	
Pennsylvania	8,712	52	
Rhode Island	1,230	7	
S. Carolina	13,560	81	
S. Dakota	1,742	10	
Tennessee	17,483	105	
Texas	76,996	461	
Utah	790	5	
Vermont	136	1	
Virginia	10,677	64	
Washington	3,828	23	
W. Virginia	14,145	85	
Wisconsin	3,053	18	
Wyoming	137	1	
American Samoa	1,400	8	
Guam	1,449	9	
N. Mariana Is.	444	3	
Puerto Rico	23,958	143	
T. Territories	2,933	18	
Virgin Islands	136	1	

Data Sources: Food and Nutrition Service, USDA.

(1) Estimated using an attendance factor of 167 days per child.

X. A. MEAN FY 85 COSTS PER PERSON SERVED (1)
10.553 SCHOOL BREAKFAST PROGRAM

	Benefits (2)
United States	$110
Alabama	$119
Alaska	$157
Arizona	$110
Arkansas	$97
California	$120
Colorado	$106
Connecticut	$108
Delaware	$114
D. C.	$107
Florida	$118
Georgia	$108
Hawaii	$107
Idaho	$98
Illinois	$100
Indiana	$106
Iowa	$98
Kansas	$93
Kentucky	$110
Louisiana	$99
Maine	$125
Maryland	$112
Massachusetts	$91
Michigan	$99
Minnesota	$103
Mississippi	$99
Missouri	$122
Montana	$108
Nebraska	$96
Nevada	$92
New Hampshire	$110
New Jersey	$116
New Mexico	$103
New York	$122
N. Carolina	$103
N. Dakota	$75
Ohio	$117
Oklahoma	$94
Oregon	$113
Pennsylvania	$119
Rhode Island	$110
S. Carolina	$117
S. Dakota	$115
Tennessee	$110
Texas	$109
Utah	$120
Vermont	$81
Virginia	$94
Washington	$106
W. Virginia	$92
Wisconsin	$120
Wyoming	$126
American Samoa	$96
Guam	$87
N. Mariana Is.	$137
Puerto Rico	$110
T. Territories	$105
Virgin Islands	$91

Data Sources: Food and Nutrition Service, USDA.

(1) Outlays for state administration of the School Breakfast Program are included in those for the the National School Lunch Program. No outlays for administration at the federal level are charged to this account; they are charged the the Food Program Administration account and are not separately identified.
(2) Federal payments for breakfasts served in participating schools and other eligible institutions. The annual level of payments per child was estimated by multiplying the average (per breakfast) reimbursement rate by the average attendance factor of 167 days.

X B. MEAN FY 84 COSTS PER PERSON SERVED (1)
10.553 SCHOOL BREAKFAST PROGRAM

	Benefits	(2)
United States	$103	
Alabama	$98	
Alaska	$185	
Arizona	$103	
Arkansas	$100	
California	$117	
Colorado	$107	
Connecticut	$108	
Delaware	$105	
D. C.	$110	
Florida	$110	
Georgia	$93	
Hawaii	$103	
Idaho	$103	
Illinois	$110	
Indiana	$97	
Iowa	$85	
Kansas	$88	
Kentucky	$95	
Louisiana	$86	
Maine	$117	
Maryland	$104	
Massachusetts	$105	
Michigan	$125	
Minnesota	$117	
Mississippi	$98	
Missouri	$116	
Montana	$99	
Nebraska	$95	
Nevada	$94	
New Hampshire	$113	
New Jersey	$119	
New Mexico	$89	
New York	$105	
N. Carolina	$102	
N. Dakota	$70	
Ohio	$91	
Oklahoma	$89	
Oregon	$119	
Pennsylvania	$109	
Rhode Island	$112	
S. Carolina	$100	
S. Dakota	$104	
Tennessee	$103	
Texas	$103	
Utah	$114	
Vermont	$82	
Virginia	$90	
Washington	$98	
W. Virginia	$88	
Wisconsin	$117	
Wyoming	$123	
American Samoa	$107	
Guam	$90	
N. Mariana Is.	$0	
Puerto Rico	$97	
T. Territories	$131	
Virgin Islands	$88	

Data Sources: Food and Nutrition Service, USDA.

(1) Outlays for state administration of this program are included in those shown for the National School Lunch Program. No outlays for administration at the federal level are charged to this account; they are charged to the Food Program Administration account and are not separately identified.
(2) Federal payments for breakfasts served to children in participating schools; the annual level of payments per child was estimated by multiplying the average (per breakfast) reimbursement rate by the average attendance factor of 167 days.

XI. HISTORICAL DATA (in thousands)
10.553 SCHOOL BREAKFAST PROGRAM

Federal Fiscal Year		Total Federal Obligations	Breakfasts Served	Students	(1)	Federal Staff	(2)
1985		$390,790	594,000	3,557		62	
1984		$363,200	590,000	3,533		60	
1983		$344,247	581,000	3,479		79	
1982		$335,600	568,000	3,401		89	
1981		$320,337	644,000	3,856		79	
1980		$287,800	620,000	3,713		70	
1979		$224,247	566,000	3,389		44	
1978		$177,682	479,000	2,868		46	
1977		$139,418	434,000	2,599		30	
1976	(3)	$106,950	354,000	2,122		22	
1975		$86,199	295,000	1,766		18	
1974		$59,120	227,000	1,359		13	
1973		$32,807	194,000	1,162		9	
1972		$24,883	169,000	1,012		6	
1971		$19,383	125,000	749		4	
1970		$10,786	72,000	431		4	
1969		$5,402	40,000			2	
1968		$1,985	16,000				
1967		$568	4,000				
1966							
1965							
1964							
1963							
1962							
1961							
1960							

Data Sources: Food and Nutrition Service, USDA.

(1) Estimated using an average attendance factor of 167 days per child.
(2) Not in thousands.
(3) Includes $17,879(000) for the Transition Quarter.

FOOD DONATION TO CHARITABLE INSTITUTIONS

I. PROGRAM SUMMARY

The U.S. Department of Agriculture (USDA) donates food commodities to charitable institutions to help provide meals for needy persons. The USDA makes food commodities available to states and state agencies determine the eligibility of charitable institutions based on criteria established by USDA. In general, the charitable institutions must be public or private nonprofit institutions that are nonpenal and noneducational and that do not participate in any other child or Older Americans Act nutrition programs. Such institutions include hospitals, soup kitchens, child care centers, and summer camps.

In FY 1985, the food donated by USDA to charitable institutions had a total federal cost of about $172 million. The federal funds cover the cost of acquiring, processing, and transporting the commodities obtained under the USDA surplus removal and price support operations. No cash assistance is provided to the charitable institutions and no administrative funding for states is provided. Generally, the donated commodities include dried milk, potatoes or rice, egg mix, peanut butter or dry beans, and canned fruits, vegetables, and juices.

A state's share of the commodities available under this program is based on the estimated number of meals served to needy persons by charitable institutions. The number of needy persons served is determined, in part, on the basis of the subsidized and nonsubsidized income received by the institution: subsidized income is either public assistance payments or private tax-deductible contributions; all other income is considered nonsubsidized. Charitable institutions may receive USDA commodities for up to three meals per day per person.

In addition to the commodities allocated to each state by USDA, each state can also order as much as it can use without waste of those commodities which are in surplus. Such surplus commodities frequently include cheese, nonfat dry milk, and butter. The surplus commodities may be used in providing meal service for the institution's entire population including the nonneedy. Thus, charitable institutions apply both for donated foods on the basis of their needy clients and for any available surplus commodities and then use both in feeding all the persons they serve.

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II. ADMINISTRATION

A. Program name: Food Donation to Charitable Institutions.

B. Catalog of Federal Domestic Assistance No.: 10.550
Budget account number(s): 12-4336-0-3-351; 12-5209-0-2-605; 12-3503-0-1-605; 12-3539-0-1-606.

C. Current authorizing statute: Section 4(a) Pub. L. 93-86, Section 32, Pub. L. 74-320, Section 416, Pub. L. 81-439, Section 709, Pub. L. 89-321.

D. Location of program regulations in the Code of Federal Regulations: 7 CFR Part 250.

E. Federal administering agency: Food and Nutrition Service, Department of Agriculture.

F. Primary grantee (if any) receiving program funds to provide benefits: States.

G. Subgrantee (if any) receiving program funds to provide benefits: Private nonprofit organizations.

H. Allocation of federal funds.

There is no specified level of commodity assistance for charitable institutions. A state's share of commodities to be made available is based on the estimated number of meals served to needy individuals residing in institutions which are eligible to participate as well as the state's ability to use the commodities which is based on traditional usage.

In addition to those commodities allocated to the state, each state can order as much as it can use without waste of those commodities which are in surplus, such as cheese, nonfat dry milk and butter, for use in providing meal service for the institution's entire population including the nonneedy.

The costs for acquisition, processing and transportation incurred by the Department are included in the cost figures. There is no cash assistance provided to charitable institutions. No administrative funding for states is provided.

I. Role of state and local governments in administering the program.

State agencies determine the eligibility of charitable institutions based on criteria established by USDA.

J. Audit or quality control.

No recent audits of these organizations have been conducted. The ongoing monitoring of these organizations is the responsibility of the state. In instances in which it is determined that a loss has occurred, the state is responsible for determining the amount of the loss and for taking action to obtain restitution.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

Perishable foods purchased with funds available under Section 32 of the Agricultural Act of 1935 may be donated for relief purposes. Charitable institutions have traditionally benefited from such donations in times of agricultural abundance.

Food acquired by the Commodity Credit Corporation under Section 416 the Agricultural Act of 1949 may be donated for use in charitable institutions, to the extent that needy persons are served.

Section 709 of the Food and Agricultural Act of 1965 authorizes the Secretary to purchase dairy products on the open market when CCC inventories of such products are insufficient to meet the requirements of the Department's food donation programs including distribution to charitable institutions.

Section 4(a) of the Agriculture and Consumer Protection Act of 1973 authorizes USDA to make open-market purchases of foods similar to those acquired under Sections 32 and 416 when foods are not available under those authorities.

The program is intended to supplement the diets of low income people and to make use of agricultural surpluses.

B. Allocation of program funds among activities.

Foods are allocated on the basis of the number of meals served. No grantee administrative costs are funded.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Charitable institutions are the recipient agencies. They must be public or nonprofit private, tax-exempt institutions that are nonpenal and noneducational and which do not participate in any other child nutrition programs. Commodities are provided to institutions based on the number of needy people that they serve.

The formula for determining the number of needy being served by an institution is as follows: (1) an institution must determine the percentage of subsidized income by dividing the subsidized income by total subsidized and nonsubsidized income; (2) multiply that percentage by the average daily number of participants. Charitable institutions that are eligible include hospitals, institutions for the mentally or physically handicapped, soup kitchens, nonresidential child care institutions, and schools which are not receiving any type of commodity assistance or do not participate in a child nutrition program.

B. Income eligibility standards.

Individualized means-tests are not applied. However, donations are based upon the institution's income from cash public assistance programs.

C. Other eligibility requirements.

Charitable institutions receiving food donations may not participate in any other Child Nutrition Program or in nutrition programs operated under the Older Americans Act of 1965.

D. Other income a recipient unit is required or expected to spend to receive benefits.

None.

V. BENEFITS AND SERVICES

A. Program intake processes.

There is no specific intake process for individuals for the purpose of receiving meals containing donated food in an institution. Institutions apply on behalf of the residents.

B. Program benefits or services.

There is no specified level of commodity assistance for charitable institutions. A state's share of the commodities made available is based on the number of meals served to needy individuals residing in institutions as well as the state's ability to use the commodities which is based on its traditional usage.

In addition to those commodities allocated to the state, each state can order as much of those commodities which are in surplus, such as cheese, nonfat dry milk and butter, as it can use without waste for use in providing meal service for the institutions' entire population including the nonneedy.

Charitable institutions are eligible to receive USDA commodities for up to three meals per person per day.

C. Duration of benefits.

No data available.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility.

Institutions participating in child nutrition programs or food assistance program for the elderly under Title III or Title VI of the Older Americans Act are not eligible to participate in this program.

B. Counting assistance from other programs.

Assistance from other programs enters into the calculation of subsidized income received by the institution. In this case, the greater the proportion of income subsidized, the higher the commodity allocation.

C. Overlapping authorities and benefits.

There are other programs which provide assistance to support the needs of low income people, the most prominent of which are the Aid to Families with Dependent Children and Supplemental Security Income. Specifically referring to food assistance needs, the Food Stamp Program is available to the low income population in general.

Ordinarily, residents of charitable institutions who receive 50 percent or more of their meals from the institution are not eligible to receive Food Stamps. The few exceptions are persons in alcohol and narcotics rehabilitation programs and certain blind or disabled persons participating in some federally subsidized housing programs.

It is possible for Food Stamp recipients to receive meals at nonresidential charitable institutions such as soup kitchens.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Agriculture, Nutrition and Forestry
    Subcommittee on Nutrition

House of Representatives

Committee on Agriculture
    Subcommittee on Domestic Marketing, Consumer Relations and Nutrition

B. Appropriating subcommittees.

Senate

Subcommittee on Agriculture, Rural Development and Related Agencies

House of Representatives

Subcommittee on Agriculture, Rural Development and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

1935 Agricultural Act established Section 32 authority - Made funds available to USDA to encourage the domestic consumption of certain agricultural commodities by diverting them from normal channels of trade.

1946 National School Lunch Act - Established as national policy the concept that USDA was not only to provide a market for agricultural production, but also to improve the health and well-being of the nation's youth.

1949 Agricultural Act - Established Section 416 which made certain commodities acquired through price-supported operations by the Commodity Credit Corporation (CCC) available for distribution.

1954 Agricultural Act Amendments - Provided that charitable institutions, including hospitals, could receive Section 416 assistance to the extent that they served needy persons.

1956 Agricultural Act Amendments - Authorized the CCC to donate price-supported commodities to federal penal and correctional institutions and to state correctional institutions for minors.

1965 Food and Agricultural Act - Authorized USDA to buy with CCC funds dairy products for domestic relief.

There have been no significant legislative changes to the Charitable Institutions Program since 1965.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (In thousands)
10.550 FOOD DISTRIBUTION TO CHARITABLE INSTITUTIONS

	Benefits (1)	(2)
United States	$171,775	
Alabama	$3,709	
Alaska	$235	
Arizona	$1,598	
Arkansas	$1,583	
California	$15,046	
Colorado	$1,916	
Connecticut	$2,486	
Delaware	$994	
D. C.	$2,908	
Florida	$7,521	
Georgia	$3,568	
Hawaii	$387	
Idaho	$530	
Illinois	$6,926	
Indiana	$2,831	
Iowa	$2,528	
Kansas	$102	
Kentucky	$3,162	
Louisiana	$2,675	
Maine	$1,202	
Maryland	$3,507	
Massachusetts	$2,650	
Michigan	$4,703	
Minnesota	$4,657	
Mississippi	$1,980	
Missouri	$3,877	
Montana	$813	
Nebraska	$1,037	
Nevada	$1,151	
New Hampshire	$1,563	
New Jersey	$6,218	
New Mexico	$718	
New York	$14,972	
N. Carolina	$3,695	
N. Dakota	$983	
Ohio	$5,952	
Oklahoma	$2,098	
Oregon	$2,670	
Pennsylvania	$11,177	
Rhode Island	$1,019	
S. Carolina	$3,058	
S. Dakota	$1,189	
Tennessee	$3,714	
Texas	$5,452	
Utah	$1,496	
Vermont	$576	
Virginia	$3,580	
Washington	$4,599	
W. Virginia	$4,576	
Wisconsin	$4,604	
Wyoming	$332	
American Samoa	$3	
Puerto Rico	$1,236	
T. Territories	$11	
Virgin Islands	$4	

Data Sources: Food and Nutrition Service, USDA.

(1) States may use FNS funds granted under the authority of the the Child Nutrition Act for administration of this program.
(2) Benefits are price support commodities donated to states. Costs represent market value at time of delivery.

VIII. B. TOTAL FY 84 PROGRAM OUTLAYS (in thousands)
10.550 FOOD DISTRIBUTION TO CHARITABLE INSTITUTIONS

		Benefits (1)	(2)
United States		$206,254	
Alabama		$4,450	
Alaska		$283	
Arizona		$1,920	
Arkansas		$1,903	
California		$18,051	
Colorado		$2,310	
Connecticut		$2,988	
Delaware		$1,192	
D. C.		$3,489	
Florida		$9,025	
Georgia		$4,279	
Hawaii		$465	
Idaho		$636	
Illinois		$8,319	
Indiana		$3,399	
Iowa		$3,042	
Kansas		$122	
Kentucky		$3,801	
Louisiana		$3,210	
Maine		$1,446	
Maryland		$4,207	
Massachusetts		$3,179	
Michigan		$5,642	
Minnesota		$5,587	
Mississippi		$2,376	
Missouri		$4,658	
Montana		$978	
Nebraska		$1,246	
Nevada		$1,381	
New Hampshire		$1,886	
New Jersey		$7,460	
New Mexico		$866	
New York		$17,967	
N. Carolina		$4,436	
N. Dakota		$1,181	
Ohio		$7,143	
Oklahoma		$2,523	
Oregon		$3,209	
Pennsylvania		$13,415	
Rhode Island		$1,225	
S. Carolina		$3,670	
S. Dakota		$1,428	
Tennessee		$4,458	
Texas		$6,563	
Utah		$1,798	
Vermont		$694	
Virginia		$4,302	
Washington		$5,527	
W. Virginia		$5,490	
Wisconsin		$5,526	
Wyoming		$399	
American Samoa		$3	
Puerto Rico		$1,483	
T. Territories		$13	
Virgin Islands		$5	

Data Sources: Food and Nutrition Service, USDA.

(1) States may use FNS funds granted under the authority of the Child Nutrition Act for administration of this program.
(2) Benefits are price support commodities donated to States. Costs represent market value at time of delivery.

XI. HISTORICAL DATA (Dollars in thousands)
10.550 FOOD DISTRIBUTION TO CHARITABLE INSTITUTIONS

Federal Fiscal Year	Total Federal Outlays	Federal Staff
1985	$171,775	23
1984	$206,254	25
1983	$150,443	27
1982	$111,134	21
1981	$78,324	19
1980	$71,211	17
1979	$54,214	16
1978	$27,918	14
1977	$17,647	14
1976	$11,907	20
1975	$20,321	25
1974	$24,826	24
1973	$27,443	22
1972	$25,826	18
1971	$24,531	18
1970	$20,600	23
1969	$25,417	33
1968	$23,247	
1967	$15,156	
1966	$16,969	
1965	$29,818	
1964	$37,467	
1963	$29,052	
1962	$25,874	
1961	$33,989	
1960	$15,748	

Data Sources: Food and Nutrition Service, USDA.

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SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

I. PROGRAM SUMMARY

The Summer Food Service Program (SFSP) for Children assists states conduct food service programs for needy children during the summer. State educational agencies generally administer the program through agreements with local sponsors. The local sponsors are limited to public and private nonprofit schools, nonprofit residential summer camps, and units of state and local governments.

To qualify for SFSP support, a food service program must be located in an area where at least 50 percent of the children are from households with gross annual incomes that do not exceed 185 percent of the federal poverty guidelines. All SFSP meals are served free to children under age 18 and to handicapped adults who are participating in school programs for the handicapped. Only children in summer camps must apply individually to establish eligibility for SFSP meals.

Program funds are provided to local sponsors on a per meal reimbursement basis and, within certain limits, cover all operating, administrative, and health inspection costs. Reimbursement rates for the summer of 1985 were $1.52 for lunches, 85 cents for breakfasts, and 40 cents for snacks. These rates are adjusted annually for changes in the Consumer Price Index.

All meals for which SFSP reimbursement is provided must meet nutritional requirements as specified in federal regulations. The programs operate almost exclusively from May through September, though they may operate at other approved times when schools are closed for vacation. Children typically receive one lunch per day during the week.

In FY 1985, about 76 million SFSP meals were served at a total federal cost of about $110 million. The law does not require matching funds from nonfederal sources.

II. ADMINISTRATION

A. Program name: Summer Food Service Program for Children.

B. Catalog of Federal Domestic Assistance No.: 10.559
Budget account number(s): 12-3539-0-1-605.

C. Current authorizing statute: National School Lunch Act, as amended.

D. Location of program regulations in the Code of Federal Regulations: 7 CFR Part 225.

E. Federal administering agency: Food and Nutrition Service, Department of Agriculture.

F. Primary grantee (if any) receiving program funds to provide benefits: States.

G. Subgrantee (if any) receiving program funds to provide benefits: Counties; cities; private nonprofit organizations; school districts.

H. Allocation for federal funds.

There are three categories of funds allocated to state agencies for the Summer Food Service Program (SFSP): (1) program payments for operating costs (meal subsidies) and administrative funds for sponsors operating programs; (2) program payments for state administrative costs; and (3) health inspection funds.

Program payments for operating costs are allocated to state agencies to advance to institutions. They are based on the preceding year's program payments with adjustments made as necessary to reflect changes in reimbursement rates and program size demonstrated in a management/administrative plan submitted by the state agency and approved by FNS. Ultimately the state agency Grant Award/Letter-of-Credit is adjusted to the amount equal to the number of meals and snacks served multiplied by the applicable rates.

The program payments for state administrative costs are allocated to state agencies by an allocation formula prescribed by law and regulations which states that each state agency shall receive: "(1) 20 percent of the first $50,000 in program funds properly payable to the state in the preceding fiscal year; (2) 10 percent of the next $100,000 in program funds properly payable to the state in the preceding fiscal year; (3) 5 percent of the next $250,000 in program funds properly payable to the state in the preceding fiscal year; and (4) 2 1/2 percent of any remaining program funds properly payable to the state in the preceding fiscal year."

Health inspection funds allocations are based on 1 percent of program funds estimated to be needed in the state agency's management and administrative plan. These funds are made available for the sole purpose of carrying out health inspections and meal quality tests. Downward adjustments to the state agency Letter-of-Credit are made for any health inspection funds not used. There is no matching requirement for the SFSP.

Apart from the program funds made available to the sponsors who are operating programs, there is also a separate set of funds provided to state agencies (state administrative funds) for their use in managing the program at the state level.

Each state is offered 1.5 cents in commodities per actual meal served during the previous summer (limited to meals served in programs with self-preparation facilities and those which have agreements with schools for the preparation of meals). In practice, many summer sponsors do not elect to receive the commodities they are eligible to receive.

In addition to the entitlement levels available to each state, states also receive commodities that are made available as the result of surplus removal and price support activities. These are called bonus commodities.

I. Role of state and local governments in administering the program.

Within most states, the state educational agency or designated alternate agency administers the SFSP through agreements made with local sponsors. In some states, the SFSP is administered by a regional office of FNS.

J. Audit or quality control.

The federal government does not provide standards for administrative efficiency of the SFSP. However, audit and program review results indicate that the major problems are inaccurate meal counts and noncompliance with the meal pattern requirements. Corrective action is taken by reclaiming reimbursements that were not properly earned or by discontinuing a sponsor's participation in the program.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

Section 13 of the National School Lunch Act (NSLA) states that the purposes of the program are to "assist states, through grants-in-aid and other means to initiate, maintain, and expand nonprofit food service programs for children in service institutions."

The legislation limits the program (with the exception of summer camps) to "areas in which poor economic conditions exist" and defines those as "areas in which at least 50 percent of the children are eligible for free or reduced price schools meals." The legislation requires that: "Payments shall be made to service institutions only for meals served during the months of May through September, except in the case of service institutions that operate food service programs for children on school vacation at any time under a continuous school calendar."

B. Allocation of program funds among activities.

To provide for the nutritional needs of low income recipients, SFSP sites are located only in areas where poor economic conditions exist. All meals are served free to recipients and all children may participate.

Program benefits are intended to meet the nutritional needs of children on summer vacation who live in areas where more than 50 percent of all children are eligible for free or reduced price school meals. These benefits are slightly higher than those provided during the school year under the National School Lunch and School Breakfast Programs. In summer camps, benefits are available only to those individual children who can demonstrate eligibility for free or reduced price meals (family income at or below 185 percent of poverty).

Operating, administrative, and health inspection funds are made available to state agencies for costs incurred in administering and operating the programs. While funds are made available in advance by means of a Grant Award/Letter-of-Credit, the state agency is ultimately limited to the lesser of actual costs of the meals or the applicable rates multiplied by number of meals served, plus the actual allowable state administrative and health inspection costs. All meals for which program payments are provided must meet nutritional requirements as specified in SFSP regulations.

The allocation of program funds in FY 1985 is shown below:

	Breakfast	Lunch	Supper	Snack
Reimbursement Rate	$ .8475	$ 1.5250	$1.5250	$ .40
Dollars (in millions)	$ 9.1	$84.4	$4.7	$3.2
Meals (in millions)	10.8	55.3	3.1	7.9

In addition entitlement commodities were provided valued at $648,191; bonus commodities at $707,308; sponsor administrative costs totaled $8,795,240; state administrative and local health inspection costs totaled $3,240,285. The total program costs for 1985 were $114,788,057.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Eligibility is extended to: (1) children age 18 and under at program sites which serve areas in which 50 percent of the children are eligible for free or reduced price meals; (2) handicapped adults if participating in a school program for handicapped; and (3) children from households whose incomes are less than 185 percent of poverty and who are enrolled in residential summer camps.

B. Income eligibility standards.

The only children who must individually apply for benefits in the SFSP are children at summer camps. They must come from households with incomes of less than 185 percent of poverty.

There are no deductions, disallowances or discounts from gross income. There are no limits on assets.

C. Other eligibility requirements.

None.

D. Other income a recipient unit is required or expected to spend to receive benefits.

None.

V. BENEFITS AND SERVICES

A. Program intake processes.

Children at sites other than residential summer camps are provided with free meals without application for SFSP benefits. Program intake also occurs through applications voluntarily submitted by households to residential camps or other enrolled sites.

B. Program benefits or services.

To provide for the nutritional needs of low income children, SFSP sites are located only in areas where poor economic condition exits. All meals are served free and all children may participate.

The benefits are similar to those provided during the school year under the National School Lunch and School Breakfast Programs. Participants generally receive one lunch per day during the week.

A camp or migrant program may serve up to four meals each day. Food service sites other than camps may serve either: (1) one meal each day (a breakfast, a lunch, or a supplement); or (2) two meals each day, if one is a lunch and the other is a breakfast or a supplement.

Sponsors are reimbursed for the cost of all meals served to eligible children in attendance at noncamp sites. Camps are reimbursed only for the cost of meals served to children who qualify for free or reduced price school meals. In either case, reimbursement is limited to the lesser of actual costs or the product of the number of meals served multiplied by the applicable rate.

Meals and supplements served under the program must meet federal standards for minimum quantities and food components. The meal requirements for lunches and suppers approximate one-third of the Recommended Daily Allowance (RDA) for children when averaged over a period of time.

All reimbursement rates are adjusted each January 1 to reflect changes in the Consumer Price Index for Food Away From Home for the preceding 12 months. The free or reduced price guidelines for children are adjusted each July 1 in the same manner.

C. Duration of benefits.

SFSP operates almost exclusively during the months of May through September; however it may operate in other months where school districts are open on a 12-month basis. Individual children may only receive benefits when they are out of school for what constitutes their summer vacations.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

As provided for in Public Law 99-500, individuals in camps may establish eligibility for SFSP benefits by proof of eligibility for the Food Stamp Program or the AFDC program.

It is unknown how many of the nearly 1.5 million SFSP participants receive benefits from other programs. Typically an SFSP site is based on the economy of the area; with the exception of summer camps, no information is required of an individual child or family.

Participation in the Special Milk Program excludes an institution from participation in SFSP.

B. Counting assistance from other programs.

Benefits from all other federal non-cash programs, including local programs, are excluded when determining income status.

C. Overlapping authorities and benefits.

Many participating children are from households which participate in the Food Stamp or AFDC programs.

The SFSP was initiated to provide meals for NSLP participants during summer vacation months. Thus, it is likely that some program recipients participate in the NSLP during the school year.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Agriculture, Nutrition and Forestry
    Subcommittee on Nutrition

House of Representatives

Committee on Education and Labor
    Subcommittee on Elementary, Secondary and Vocational Education

B. Appropriating subcommittees.

Senate

Subcommittee on Agriculture, Rural Development and Related Agencies

House of Representatives

Subcommittee on Agriculture, Rural Development and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

1968 Act - Established the Special Food Service Program for Children (SFSPC), a forerunner of the Summer Food Service Program (SFSP).

1975 Amendments - Created separate programs known as the CCFP and the SFSP. Each was formerly a component of the SFSPC.

1977 Amendments - Mandated stricter eligibility rules for sponsors.

1980 Omnibus Budget Reconciliation Act - Limited summer meal service to lunch and either breakfast or a snack.

1981 Omnibus Budget Reconciliation Act - Limited the types of organizations eligible to sponsor the SFSP by excluding private nonprofit sponsors other than schools and residential camps.

E. Major federal implementing regulations and regulatory changes.

1976	Regulations were issued which implemented Pub. L. 94-105. They required: sponsors to be public or private nonprofit; sites to serve areas in which 33 1/3 percent of eligible children were eligible for free/reduced price meals; participating children to be 18 years of age or younger.
1978	Regulations were issued which implemented Pub. L. 95-166. They required sponsors to demonstrate adequate administrative and financial responsibility and to provide ongoing year round service to their community unless no other sponsors were available. They also limited residential camps to reimbursement only for meals served to children eligible for free/reduced price meals.
1982	Regulations were issued which implemented Pub. L. 97-35. They limited sponsors to public/private nonprofit schools, public agencies and public/private nonprofit residential camps, and required sites to serve areas in which at least 50 percent of eligible children are eligible for free/reduced price meals.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (In thousands)
10.559 SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

	Benefits (1)	(2)
United States	$110,463	
Alabama	$3,327	
Alaska	$2	
Arizona	$1,052	
Arkansas	$153	
California	$10,604	
Colorado	$723	
Connecticut	$1,753	
Delaware	$710	
D. C.	$302	
Florida	$4,558	
Georgia	$3,344	
Hawaii	$354	
Idaho	$75	
Illinois	$3,477	
Indiana	$1,598	
Iowa	$469	
Kansas	$309	
Kentucky	$1,348	
Louisiana	$2,985	
Maine	$253	
Maryland	$1,868	
Massachusetts	$1,707	
Michigan	$3,711	
Minnesota	$893	
Mississippi	$2,826	
Missouri	$1,054	
Montana	$187	
Nebraska	$210	
Nevada	$59	
New Hampshire	$216	
New Jersey	$4,557	
New Mexico	$1,108	
New York	$25,146	
N. Carolina	$2,148	
N. Dakota	$200	
Ohio	$2,629	
Oklahoma	$493	
Oregon	$452	
Pennsylvania	$7,889	
Rhode Island	$935	
S. Carolina	$2,727	
S. Dakota	$560	
Tennessee	$1,296	
Texas	$3,449	
Utah	$136	
Vermont	$41	
Virginia	$1,341	
Washington	$502	
W. Virginia	$583	
Wisconsin	$680	
Wyoming	$8	
Puerto Rico	$3,179	
Virgin Islands	$275	

Data Sources: Food and Nutrition Service, USDA.

(1) No outlays for administration at the federal level are charged to this account; they are charged to the Food Program Administration account, and were $691(000).
(2) Benefits are federal payments and commodities for food service for children during summer vacation.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands)
10.559 SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

	Benefits (1)	(2)
United States	$105,030	
Alabama	$4,477	
Alaska	$2	
Arizona	$839	
Arkansas	$278	
California	$10,996	
Colorado	$768	
Connecticut	$1,351	
Delaware	$683	
D. C.	$227	
Florida	$4,197	
Georgia	$2,291	
Hawaii	$332	
Idaho	$63	
Illinois	$3,739	
Indiana	$1,350	
Iowa	$345	
Kansas	$199	
Kentucky	$1,369	
Louisiana	$1,940	
Maine	$276	
Maryland	$1,755	
Massachusetts	$1,825	
Michigan	$3,541	
Minnesota	$1,103	
Mississippi	$2,155	
Missouri	$1,085	
Montana	$135	
Nebraska	$235	
Nevada	$95	
New Hampshire	$272	
New Jersey	$4,606	
New Mexico	$772	
New York	$23,989	
N. Carolina	$1,953	
N. Dakota	$148	
Ohio	$2,804	
Oklahoma	$400	
Oregon	$348	
Pennsylvania	$7,304	
Rhode Island	$1,605	
S. Carolina	$2,918	
S. Dakota	$407	
Tennessee	$1,317	
Texas	$2,676	
Utah	$141	
Vermont	$52	
Virginia	$1,363	
Washington	$576	
W. Virginia	$647	
Wisconsin	$748	
Wyoming	$8	
Puerto Rico	$2,068	
Virgin Islands	$260	

Data Sources: Food and Nutrition Service, USDA.

(1) No outlays for administration at the Federal level are charged to this account; they are charged to the Food Program Administration account and were $649(000).
(2) Benefits are Federal payments and commodities for food service for children during summer vacation.

IX. A. FY 85 RECIPIENT CHARACTERISTICS (in thousands)
10.559 SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

		Meals Served	(1)	Children	(2)
United States		76,211		1,137	
Alabama		2,021		30	
Alaska		2		1	
Arizona		682		10	
Arkansas		102		2	
California		7,344		110	
Colorado		472		7	
Connecticut		1,118		17	
Delaware		422		6	
D. C.		187		3	
Florida		2,879		43	
Georgia		2,281		34	
Hawaii		224		3	
Idaho		52		1	
Illinois		2,123		32	
Indiana		1,015		15	
Iowa		344		5	
Kansas		208		3	
Kentucky		828		12	
Louisiana		2,008		30	
Maine		201		3	
Maryland		1,106		17	
Massachusetts		1,389		21	
Michigan		2,792		42	
Minnesota		631		9	
Mississippi		1,811		27	
Missouri		812		12	
Montana		147		2	
Nebraska		142		2	
Nevada		42		1	
New Hampshire		159		2	
New Jersey		3,164		47	
New Mexico		672		10	
New York		18,491		276	
N. Carolina		1,370		20	
N. Dakota		140		2	
Ohio		1,708		25	
Oklahoma		356		5	
Oregon		330		5	
Pennsylvania		5,607		84	
Rhode Island		591		9	
S. Carolina		1,717		26	
S. Dakota		399		6	
Tennessee		857		13	
Texas		2,526		38	
Utah		115		2	
Vermont		31		1	
Virginia		955		14	
Washington		342		5	
W. Virginia		390		6	
Wisconsin		432		6	
Wyoming		6		1	
Puerto Rico		2,231		33	
Virgin Islands		237		4	

Data Sources: Food and Nutrition Service, USDA.

(1) Estimates based on average attendance factor of 67 days.

IX. B. FY 84 RECIPIENT CHARACTERISTICS (In thousands)
10.559 SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

	Meals Served	(1)	Children	(2)
United States	72,131		1,077	
Alabama	2,041		30	
Alaska	2		1	
Arizona	502		7	
Arkansas	117		2	
California	6,871		103	
Colorado	508		8	
Connecticut	829		12	
Delaware	447		7	
D. C.	168		3	
Florida	2,258		34	
Georgia	1,729		26	
Hawaii	213		3	
Idaho	51		1	
Illinois	2,868		43	
Indiana	760		11	
Iowa	247		4	
Kansas	156		2	
Kentucky	801		12	
Louisiana	1,370		20	
Maine	236		4	
Maryland	1,170		17	
Massachusetts	1,392		21	
Michigan	2,938		44	
Minnesota	741		11	
Mississippi	1,168		17	
Missouri	813		12	
Montana	187		3	
Nebraska	133		2	
Nevada	67		1	
New Hampshire	163		2	
New Jersey	3,316		49	
New Mexico	444		7	
New York	17,382		259	
N. Carolina	1,359		20	
N. Dakota	115		2	
Ohio	1,722		26	
Oklahoma	292		4	
Oregon	284		4	
Pennsylvania	7,141		107	
Rhode Island	469		7	
S. Carolina	1,587		24	
S. Dakota	247		4	
Tennessee	901		13	
Texas	1,933		29	
Utah	97		1	
Vermont	35		1	
Virginia	861		13	
Washington	339		5	
W. Virginia	493		7	
Wisconsin	461		7	
Wyoming	6		1	
Puerto Rico	1,488		22	
Virgin Islands	213		3	

Data Sources: Food and Nutrition Service, USDA.

(1) Estimates based on average attendance factor of 67 days.

X. A. MEAN FY 85 COSTS PER PERSON SERVED
10.559 SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

		Benefits (1)	(2)
United States		$97	
Alabama		$110	
Alaska		$71	
Arizona		$103	
Arkansas		$101	
California		$97	
Colorado		$103	
Connecticut		$105	
Delaware		$113	
D. C.		$108	
Florida		$106	
Georgia		$98	
Hawaii		$106	
Idaho		$96	
Illinois		$110	
Indiana		$105	
Iowa		$91	
Kansas		$99	
Kentucky		$109	
Louisiana		$100	
Maine		$84	
Maryland		$113	
Massachusetts		$82	
Michigan		$89	
Minnesota		$95	
Mississippi		$105	
Missouri		$87	
Montana		$85	
Nebraska		$99	
Nevada		$95	
New Hampshire		$91	
New Jersey		$96	
New Mexico		$110	
New York		$91	
N. Carolina		$105	
N. Dakota		$96	
Ohio		$103	
Oklahoma		$93	
Oregon		$92	
Pennsylvania		$94	
Rhode Island		$106	
S. Carolina		$106	
S. Dakota		$94	
Tennessee		$101	
Texas		$91	
Utah		$79	
Vermont		$89	
Virginia		$94	
Washington		$98	
W. Virginia		$100	
Wisconsin		$106	
Wyoming		$94	
Puerto Rico		$95	
Virgin Islands		$78	

Data Sources: Food and Nutrition Serivce, USDA.

(1) No outlays for administration at the federal level are charged to this account; they are charged to the Food Program Administration account.
(2) Benefits are federal payments for food service for children during summer vacation. The annual level of payments per child was estimated by dividing spending from Table VIII.A. by persons from Table IX.A.

X. B. MEAN FY 84 COSTS PER PERSON SERVED
10.559 SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

	Benefits (1)	(2)
United States	$98	
Alabama	$147	
Alaska	$71	
Arizona	$112	
Arkansas	$159	
California	$107	
Colorado	$101	
Connecticut	$109	
Delaware	$102	
D. C.	$90	
Florida	$125	
Georgia	$89	
Hawaii	$104	
Idaho	$82	
Illinois	$87	
Indiana	$119	
Iowa	$94	
Kansas	$86	
Kentucky	$115	
Louisiana	$95	
Maine	$78	
Maryland	$100	
Massachusetts	$88	
Michigan	$81	
Minnesota	$100	
Mississippi	$124	
Missouri	$89	
Montana	$85	
Nebraska	$118	
Nevada	$95	
New Hampshire	$112	
New Jersey	$93	
New Mexico	$116	
New York	$92	
N. Carolina	$96	
N. Dakota	$86	
Ohio	$109	
Oklahoma	$92	
Oregon	$82	
Pennsylvania	$69	
Rhode Island	$229	
S. Carolina	$123	
S. Dakota	$110	
Tennessee	$98	
Texas	$93	
Utah	$98	
Vermont	$99	
Virginia	$106	
Washington	$114	
W. Virginia	$88	
Wisconsin	$109	
Wyoming	$94	
Puerto Rico	$93	
Virgin Islands	$82	

Data Sources: Food and Nutrition Service, USDA.

(1) No outlays for administration at the federal level are charged to this account; they are charged to the Food Program Administration account.
(2) Benefits are federal payments for food service for children during summer vacation. The annual level of payments per child was estimated by dividing spending from Table VIII.B. by persons from Table IX.B.

XI. HISTORICAL DATA (in thousands)
10.559 SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

Federal Fiscal Year		Total Federal Benefits	Meals Served	(1)	Children	(2)	Federal Staff	(3)
1985		$110,463	76		1,503		18	
1984		$104,130	72		1,427		17	
1983		$91,560	71		1,414		21	
1982		$90,800	68		1,397		24	
1981		$94,926	90		1,926		24	
1980		$114,566	108		1,922		29	
1979		$115,212	122		2,126		23	
1978		$95,300	120		2,333		23	
1977		$109,400	170		2,791		22	
1976	(4)	$161,294	303		2,653		29	
1975		$50,268	84		1,785		10	
1974		$33,551	64		1,403		7	
1973		$25,611	65		1,437		6	
1972		$22,845	74		1,080		2	
1971		$8,176	29		569		1	
1970		$1,753	8		227		1	
1969		$390	2		99			
1968								
1967								
1966								
1965								
1964								
1963								
1962								
1961								
1960								

Data Sources: Food and Nutrition Service, USDA.

(1) In millions.
(2) Average daily participation. From "Annual Historical Review of FNS Programs." Does not agree with national estimates in Tables IX.A. and IX.B., which were generated by dividing numbers of meals served by a factor of 67 days in order to to make state estimates of children participating.
(3) Not in thousands.
(4) Includes $96,137(000) and 198(000,000) meals for the Transition Quarter.

COMMODITY SUPPLEMENTAL FOOD PROGRAM

I. PROGRAM SUMMARY

The Commodity Supplemental Food Program (CSFP) provides federal funds to improve the health and nutritional status of pregnant, postpartum, and breastfeeding women, infants, and children up to the age of six. The program provides supplemental foods, nutritional education, and referrals for health services. Under the CSFP, the U.S. Department of Agriculture donates commodity foods to state agencies, pays for packaging and transporting the food to the states, and provides funds to state and local agencies to cover certain administrative costs. State agencies store the food and distribute it to local agencies which then make eligibility determinations and provide the supplemental foods and services.

Eligibility under CSFP is limited to persons who meet both categorical and low income requirements. Only pregnant, breastfeeding, and postpartum women, infants, and children up to age six whose household incomes do not exceed 185 percent of the federal poverty guidelines are eligible under CSFP. Some state agencies also require that persons be at nutritional risk from such conditions as anemia or malnutrition. Persons over age 60 who meet the income requirements are extended benefits at three pilot sites.

In FY 1985, the CSFP operated in 12 states and the District of Columbia through 28 local agencies and served about 139,000 persons at a total federal cost of about $43 million. The federal funds allocated for administrative costs to state and local agencies are equal to 15 percent of the combined value of the appropriation and the value of the donated commodities. State allocations are based on an annual national assessment of the total caseload that can be supported by the available resources. The CSFP is fully funded by the federal government.

The food provided reflects the needs of the categories of recipients. For example, CSFP provides infant cereal and infant formula to infants. Generally, the food packages include dry milk, dehydrated potatoes or rice, egg mix, peanut butter or dry beans, and canned fruits, vegetables, and juices. Also, due to their ready availability at present, butter, honey, cheese, and raisins are provided as bonus foods.

II. ADMINISTRATION

A. Program name: Commodity Supplemental Food Program.

B. Catalog of Federal Domestic Assistance No.: 10.565
Budget account number(s): 12-3512-0-1-605.

C. Current authorizing statute: Food and Agriculture Act of 1977, as amended, Pub. L. 95-113.

D. Location of program regulations in the Code of Federal Regulations: 7 CFR Part 247.

E. Federal administering agency: Food and Nutrition Service, Department of Agriculture.

F. Primary grantee (if any) receiving program funds to provide benefits: States.

G. Subgrantee (if any) receiving program funds to provide benefits: Counties; cities; tribal organizations; private nonprofit organizations.

H. Allocation of federal funds.

The Commodity Supplemental Food Program (CSFP) is not an entitlement program. Funding is awarded to states currently in the program to support continued operations. Any additional funds are made available for program expansion in existing sites and for new operations.

The law provides that funds for administrative costs be made available in an amount equal to 15 percent of the sum of: (1) the appropriation; and (2) the value of additional commodities donated by the Secretary and distributed to participants. Each state agency is provided its proportionate share of administrative funds based on its percentage of the total authorized caseload served by each program. CSFP regulations restrict the percentage of administrative funds that may be withheld at the state level for program operations. If documentation of unusually high program costs is presented, exceptions to this rule can be granted, if requested.

Elderly persons participate at three legislatively mandated locations, and, to the extent that commodities are unused, at regular sites.

Once the total number of persons that can be served nationally with available food resources is determined, caseload allocations are made directly to each state agency. States are permitted to order commodities to meet their estimated caseload needs. Program instructions set maximums for each food package by category of participant.

Commodities donated at no charge to the program are made available as the result of surplus removal and price support activities. Included in that total value are the costs of acquisition, processing, and delivery of the commodities.

I. Role of state and local governments in administering the program.

The U.S. Department of Agriculture (USDA) donates commodity foods to the appropriate state agency for distribution, and provides funds to state and local agencies to cover certain administrative costs. USDA pays for the initial processing and packaging of the food and for transporting it to the state agency. State distributing agencies are then responsible for storing the food and distributing it to local agencies. Local agencies certify eligible persons and provide the supplemental foods and nutrition education to participants.

J. Audit or quality control.

In the last two years, USDA audits of CSFP were performed in Tennessee and Michigan. Neither found major problems.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The CSFP began through administrative action in 1968 in response to the problem of infants and pregnant and breastfeeding women from low income families who lacked adequate foods, were vulnerable to malnutrition, and would benefit from more effective use of the donated commodity foods program.

In FY 1985, the program operated in 13 states (including the District of Columbia) through 28 local agencies and served approximately 140,000 persons.

The Elderly Feeding Pilot Projects (EFPP) were authorized by the Food and Agriculture Act of 1981. This legislation permitted the Secretary of Agriculture to establish projects to distribute USDA commodities to low income elderly persons. Projects originally operating in Detroit, Michigan; Des Moines, Iowa; and New Orleans, Louisiana have been expanded to other CSFP locations. The EFPP has been in operation since FY 1982. In FY 1985 approximately 19,000 elderly persons benefited from the CSFP.

The Food Security Act of 1985 (Public Law 99-198) requires the Secretary to extend benefits, through the CSFP, to persons 60 years of age and older.

B. Allocation of program funds among activities.

Public Law 99-198 specifically prescribes how the authorized appropriation will be split to support food and administrative program operations for the CSFP. No more than 15 percent of the combined value of the commodities distributed and funds appropriated is provided by USDA for administration.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Individuals are determined to be eligible for program benefits by categorical status (pregnant, breastfeeding, or postpartum woman, infant or child to age 6, or an elderly person aged 60 or older.

B. Income eligibility standards.

Income eligibility for participation of woman, infants, and children is limited to 185 percent of the federal poverty guidelines. However, eligibility for local benefits under selected federal, state, and local programs for low income persons may be used to satisfy the income eligibility determination requirement. For elderly persons, participation is limited to those with incomes below 130 percent of the guidelines.

C. Other eligibility requirements.

Persons must first live in an area in which the CSFP operates.

Applicants must be categorically eligible, i.e., pregnant, breastfeeding or postpartum women, an infant or child under the age of 6, or an elderly person 60 or above.

Some state agencies also require that categorically eligible persons have a nutritional risk condition which indicates the need for program services. States which use the nutritional risk test are the District of Columbia, Tennessee, Michigan, Louisiana, and Nebraska.

The following priorities based on categorical eligibility are required to be applied when vacancies occur at regular sites to ensure that persons in greatest need are served first: (1) pregnant and breastfeeding women and infants; (2) children ages 1-3; (3) children ages 4-5; (4) postpartum women; (5) elderly persons aged 60 and above.

Local agencies may elect to use income as a subcategory within the priority system. Local agencies that perform nutritional screening may adapt the priority system to meet their needs with FNS approval.

In FY 1984, the program's average monthly participation was 25,492 women, 21,067 infants, and 90,612 children.

Elderly applicants must be 60 years of age or older. In FY 1985, approximately 19,000 persons participated in the EFPP in the three authorized sites.

D. Other income a recipient unit is required or expected to spend to receive benefits.

Recipient units are not required or expected to spend any proportion of income to receive benefits.

V. BENEFITS AND SERVICES

A. Program intake processes.

All potential participants must apply for CSFP benefits and may be referred to the program through the offices of other health or welfare programs.

B. Program benefits or services.

The program provides nutritious government-purchased commodity foods at no cost to assist persons obtain an adequate diet. Participants are also offered nutrition education services, advice on the importance of health care, and referral to health care services.

Benefits are delivered to participants through direct distribution at local warehousing facilities. Some home delivery is provided to homebound elderly persons.

The amount of food benefits participants receive is based on categorical eligibility. The Food and Nutrition Service establishes the program policy and provides guidelines which specify the maximum allowable rates of distribution for the supplemental foods in each food package based on general supplemental food needs of pregnant, postpartum and breastfeeding women, infants, and children. Currently, there are five food packages available.

Generally, the authorized food package for women, children, and elderly include nonfat dry milk, evaporated milk, dehydrated potatoes or rice, farina, egg mix, peanut butter or dry beans or peas, and canned fruits, vegetables, and juices. Infant cereal and infant formula are provided to CSFP infants. Also, due to their ready availability at present, butter, honey, cheese, and raisins are also provided as bonus foods.

There is also a specific food package which has been developed for the elderly which includes meat, milk, egg mix, juice, fruits, and vegetables. The types of foods are limited to those purchased for USDA donation.

The FY 1986 cost of the average CSFP food package was $13.45 per person for paid foods and $2.15 for donated foods that are part of the authorized food package. The additional value of bonus commodities (those extra commodities that are available free to the CSFP, but not a required part of the food package) is $4.49 per person.

The FY 1986 cost of the average food package for elderly persons was $8.76 per person for paid foods and $3.52 for donated foods that are part of the food package. The additional value of bonus commodities issued is $7.46 per person.

C. Duration of benefits.

With the exception of pregnant women and elderly persons, all participants are certified for eligibility every six months. Limits on benefits include:

- o Pregnant women are eligible for the duration of their pregnancy up to 6 weeks postpartum;
- o Breastfeeding and postpartum women are eligible up to one year postpartum;
- o Infants and children are eligible up to their sixth birthday;
- o Duration of participation of recipients over 60 years of age is not limited.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

Eligibility for benefits under selected federal, state, and local programs for low income persons may satisfy the income eligibility conditions of the CSFP. But categorical status and optional nutritional risk standards must be separately determined.

Examples of federal programs which state and local operators may be using to satisfy income eligibility for the CSFP may include Food Stamps, Aid to Families with Dependent Children, and Medicaid. The extent of their use as low income proxies by CSFP is unknown.

Federal regulations provide that if an individual is participating in the WIC program, the individual cannot participate in the CSFP and vice versa.

B. Counting assistance from other programs.

Cash income, including cash public assistance, ordinarily is counted in determining eligibility. Non-cash benefits are not.

C. Overlapping authorities and benefits.

There are other programs which provide assistance to support the needs of low income people, the most prominent of which are Aid to Families with Dependent Children (AFDC) and Supplemental Security Income.

Specifically, in reference to food assistance needs, the Food Stamp Program is available to the low income population in general. The CSFP may supplement the Food Stamp Program benefits of some recipients. The benefits of the CSFP are somewhat different from benefits provided through the Food Stamp Program in that specific supplemental foods are distributed directly to the target population to help meet the nutritional and developmental needs of participants.

Other non-cash food assistance programs, such as the WIC program and the Child Care Food Program (CCFP), provide benefits to a similar population group. However, participating CSFP recipients are prohibited from receiving WIC benefits. Young children may potentially participate in both CCFP and CSFP, but they receive meals during day care in CCFP and supplemental foods for home use in CSFP.

Elderly people may also receive food assistance via the Food Stamp Program or Title III of the Older Americans Act which provides congregate meals or home delivered meals to senior citizens. Once again, the benefits differ insofar as these are meals, primarily for consumption away from home, as opposed to the CSFP commodities for home preparation.

The existence of both WIC and CSFP is explained by the programs' histories and operations. CSFP was started in 1969, largely affiliated with the Needy Family Program, the commodity predecessor to the Food Stamp Program. As the Food Stamp Program replaced the Needy Family Program, many commodity distribution outlets which could support CSFP also disappeared.

The WIC retail-type system was the successor selected by Congress, analogous to the Food Stamp Program. Early in the history of the WIC program, USDA policy was to convert all CSFP sites to WIC sites. However, some CSFP sites, strongly resisted conversion to WIC and lobbied for legislation which permitted the coexistence of WIC and CSFP. Further, the 1976 lawsuit, Durham v. Butz, required the expansion of WIC in non-CSFP areas.

In addition, there are programmatic differences which distinguish the programs. The WIC program is operated nationwide, while the CSFP operated in only 13 states in FY 1985. The CSFP is a commodity distribution program, whereas the WIC program operates primarily through retail food outlets. The CSFP is limited in terms of health services coordination, while the WIC program is highly integrated with health services. Eligibility based upon nutritional risk is an optional component of the CSFP, while individuals cannot participate in the WIC program unless they meet WIC nutritional risk standards. By its provision of retail foods and its affiliation with health agencies, the WIC benefit package is about twice as expensive as CSFP, is generally preferred by recipients, and is thought to be the more effective nutrition/health intervention. Thus, CSFP serves as a less expensive alternative to the WIC program. When local WIC Programs cannot enroll all applicants, especially older children or postpartum women, they may be referred to the CSFP to receive food benefits, if the CSFP is available in that area.

The elderly component of the CSFP was developed as a pilot test of commodity distribution to elderly (primarily homebound) persons in response to a study performed in 1979 by Focus: HOPE, a CSFP operator. The study reviewed hunger and malnutrition among the elderly of Detroit-Wayne County, Michigan, and found, among other things, that senior citizens underutilize the Food Stamp Program. The availability of Title III meal service is limited and typically provides one meal, five days a week, to eligible elderly individuals and their spouses. Weekend and evening meal service is usually unavailable. Congress has continually increased available funding for the CSFP elderly projects.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Agriculture, Nutrition and Forestry
    Subcommittee on Nutrition

House of Representatives

Committee on Agriculture
    Subcommittee on Domestic Marketing, Consumer Relations and Nutrition

B. Appropriating subcommittees.

Senate

Subcommittee on Agriculture, Rural Development and Related Agencies

House of Representatives

Subcommittee on Agriculture, Rural Development and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

1969 The Commodity Supplemental Food Program (CSFP) - Was established by administrative regulation to distribute commodities to low income pregnant and postpartum women, infants, and children.

1973 Agriculture and Consumer Protection Act - Authorized the Secretary to use Section 32 and Commodity Credit Corporation funds to purchase agricultural commodities for CSFP.

1977 Food and Agricultural Act - Instructed the Secretary to reimburse state and local agencies for administrative costs up to 15 percent of the total value of commodities made available to the state.

1981 Agriculture and Food Act - Authorized pilot projects to benefit low income elderly. Pilot projects were ultimately opened in Des Moines, Iowa; Detroit, Michigan; and New Orleans, Louisiana.

1985 Food Security Act - Reauthorized CSFP through FY 1990. Increased administrative funding by including value of all donated commodities. Permitted all sites to convert unused caseload to the elderly and permanently authorized elderly pilot sites.

E. Major federal implementing regulations and regulatory changes.

1969 The Commodity Supplemental Food Program was established by USDA regulations which amended the existing regulations governing the operation of the commodity distribution program.

1973	Regulations amended to permit the use of Section 32 and Commodity Credit Corporation funds to purchase agricultural commodities to maintain food distribution to the supplemental food program.
1978	Regulations amended to redesignate the program as the Commodity Supplemental Food Program and to require reimbursement for administrative costs incurred by state and local agencies in connection with the program. The amount of funds available for administrative cost could not exceed 15 percent of the total value of the commodities made available to the state or local agency for a fiscal year.
1980	Regulations were amended to: (1) adjust the administrative funding formula to provide funds based for administrative costs on up to 15 percent of the funds appropriated for the purchase of commodities; (2) modify the health service requirements; and (3) allow state agencies to charge transportation costs to local agencies.
1981	Regulations were amended to: (1) conform program regulations with Part 250 (Food Distribution Program) language on claims and losses; (2) add new requirements for the state plan, local agency selection and certification procedures; (3) permit medical equipment for nutritional risk assessments as on allowable administrative cost; and (4) provide standards for administrative appeal of state agency decisions.
1983	Regulations amended to increase the portion of CSFP appropriations available to state and local agencies for program administration. Required that CSFP administrative funding be available in an amount not to exceed 15 percent of the sum of the annual program appropriation and the value of commodities donated by the Department and distributed as part of the food package by CSFP local agencies.
1986	Regulations amended to increase the potential amount of administrative funds available to states. Required that states be reimbursed up to 15 percent of the value of all additional commodities donated by the Secretary to state and local agencies that

are provided without charge or credit for distribution to program participants.

1986 Interim regulations which extend the benefits of the CSFP to elderly persons developed and published.

F. Innovative practices at the federal, state, or local levels to achieve the program's objectives.

Extensive use of volunteers in the CSFP serves to involve members of the community to enhance program operations on the local level. Volunteers are involved in many aspects of the CSFP, from transporting individuals to and from the distribution sites to handling and issuing food packages. Use of volunteers increases the efficiency and effectiveness of the program.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (in thousands)
10.565 COMMODITY SUPPLEMENTAL FOOD PROGRAM

	Benefits	Administration	(1)	Total
United States	$36,688	$6,474		$43,162
Alabama				
Alaska				
Arizona				
Arkansas				
California	$1,290	$228		$1,518
Colorado	$3,821	$674		$4,495
Connecticut				
Delaware				
D. C.	$1,926	$340		$2,266
Florida				
Georgia				
Hawaii				
Idaho				
Illinois	$1,783	$315		$2,098
Indiana				
Iowa	$581	$102		$683
Kansas				
Kentucky	$1,445	$255		$1,700
Louisiana	$5,154	$909		$6,063
Maine				
Maryland				
Massachusetts				
Michigan	$11,762	$2,076		$13,838
Minnesota	$115	$20		$135
Mississippi				
Missouri				
Montana				
Nebraska	$1,190	$210		$1,400
Nevada				
New Hampshire				
New Jersey				
New Mexico				
New York				
N. Carolina	$492	$87		$579
N. Dakota				
Ohio				
Oklahoma				
Oregon				
Pennsylvania				
Rhode Island				
S. Carolina				
S. Dakota	$510	$90		$600
Tennessee	$6,619	$1,168		$7,787
Texas				
Utah				
Vermont				
Virginia				
Washington				
W. Virginia				
Wisconsin				
Wyoming				

Data Sources: Food and Nutrition Service, USDA.

(1) Not including $900(000) for federal administration.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (In thousands)
10.565 COMMODITY SUPPLEMENTAL FOOD PROGRAM

	Benefits	Administration (1)	Total
United States	$25,911	$4,573	$30,484
Alabama			
Alaska			
Arizona			
Arkansas			
California	$1,021	$180	$1,201
Colorado	$2,458	$434	$2,892
Connecticut			
Delaware			
D. C.	$1,369	$242	$1,611
Florida			
Georgia			
Hawaii			
Idaho			
Illinois	$293	$52	$345
Indiana			
Iowa	$353	$62	$415
Kansas			
Kentucky	$1,167	$206	$1,373
Louisiana	$3,915	$691	$4,606
Maine			
Maryland			
Massachusetts			
Michigan	$8,541	$1,508	$10,049
Minnesota	$72	$13	$85
Mississippi			
Missouri			
Montana			
Nebraska	$710	$125	$835
Nevada			
New Hampshire			
New Jersey			
New Mexico			
New York			
N. Carolina	$361	$64	$425
N. Dakota			
Ohio			
Oklahoma			
Oregon			
Pennsylvania			
Rhode Island			
S. Carolina			
S. Dakota	$336	$59	$395
Tennessee	$5,315	$938	$6,253
Texas			
Utah			
Vermont			
Virginia			
Washington			
W. Virginia			
Wisconsin			
Wyoming			

Data Sources: Food and Nutrition Service, USDA.

(1) Not including $862(000) for federal administration.

IX. A. FY 85 RECIPIENT CHARACTERISTICS
10.565 COMMODITY SUPPLEMENTAL FOOD PROGRAM

		All Persons Served	(1)
United States		139,100	
Alabama			
Alaska			
Arizona			
Arkansas			
California		5,400	
Colorado		14,000	
Connecticut			
Delaware			
D. C.		7,100	
Florida			
Georgia			
Hawaii			
Idaho			
Illinois		6,900	
Indiana			
Iowa		2,500	
Kansas			
Kentucky		5,700	
Louisiana		18,700	
Maine			
Maryland			
Massachusetts			
Michigan		44,100	
Minnesota		500	
Mississippi			
Missouri			
Montana			
Nebraska		5,100	
Nevada			
New Hampshire			
New Jersey			
New Mexico			
New York			
N. Carolina		1,800	
N. Dakota			
Ohio			
Oklahoma			
Oregon			
Pennsylvania			
Rhode Island			
S. Carolina			
S. Dakota		1,700	
Tennessee		25,800	
Texas			
Utah			
Vermont			
Virginia			
Washington			
W. Virginia			
Wisconsin			
Wyoming			

Data Sources: Food and Nutrition Service, USDA.

(1) Based on average monthly data.

IX. B. FY 84 RECIPIENT CHARACTERISTICS
10.565 COMMODITY SUPPLEMENTAL FOOD PROGRAM

		All Persons Served	(1)
United States		137,170	
Alabama			
Alaska			
Arizona			
Arkansas			
California		5,936	
Colorado		12,703	
Connecticut			
Delaware			
D. C.		7,059	
Florida			
Georgia			
Hawaii			
Idaho			
Illinois		2,708	
Indiana			
Iowa		2,226	
Kansas			
Kentucky		6,562	
Louisiana		19,171	
Maine			
Maryland			
Massachusetts			
Michigan		47,076	
Minnesota		426	
Mississippi			
Missouri			
Montana			
Nebraska		4,461	
Nevada			
New Hampshire			
New Jersey			
New Mexico			
New York			
N. Carolina		1,814	
N. Dakota			
Ohio			
Oklahoma			
Oregon			
Pennsylvania			
Rhode Island			
S. Carolina			
S. Dakota		1,681	
Tennessee		25,347	
Texas			
Utah			
Vermont			
Virginia			
Washington			
W. Virginia			
Wisconsin			
Wyoming			

Data Sources: Food and Nutrition Service, USDA.

(1) Based on average monthly data.

X. A. MEAN FY 85 COSTS PER UNIT SERVED (1)
10.565 COMMODITY SUPPLEMENTAL FOOD PROGRAM

	Benefits	Administration	Total
United States	$264	$47	$310
Alabama			
Alaska			
Arizona			
Arkansas			
California	$241	$43	$284
Colorado	$273	$48	$321
Connecticut			
Delaware			
D. C.	$270	$48	$318
Florida			
Georgia			
Hawaii			
Idaho			
Illinois	$260	$46	$305
Indiana			
Iowa	$234	$41	$275
Kansas			
Kentucky	$255	$45	$300
Louisiana	$276	$49	$325
Maine			
Maryland			
Massachusetts			
Michigan	$267	$47	$314
Minnesota	$238	$41	$279
Mississippi			
Missouri			
Montana			
Nebraska	$235	$42	$277
Nevada			
New Hampshire			
New Jersey			
New Mexico			
New York			
N. Carolina	$279	$49	$329
N. Dakota			
Ohio			
Oklahoma			
Oregon			
Pennsylvania			
Rhode Island			
S. Carolina			
S. Dakota	$298	$53	$350
Tennessee	$257	$45	$302
Texas			
Utah			
Vermont			
Virginia			
Washington			
W. Virginia			
Wisconsin			
Wyoming			

Data Sources: Food and Nutrition Service, USDA.

(1) Based on mean monthly caseload.

X. B. MEAN FY 84 COSTS PER UNIT SERVED (1)
10.565 COMMODITY SUPPLEMENTAL FOOD PROGRAM

	Benefits	Administration	Total
United States	$189	$33	$222
Alabama			
Alaska			
Arizona			
Arkansas			
California	$172	$30	$202
Colorado	$194	$34	$228
Connecticut			
Delaware			
D. C.	$194	$34	$228
Florida			
Georgia			
Hawaii			
Idaho			
Illinois	$108	$19	$127
Indiana			
Iowa	$159	$28	$186
Kansas			
Kentucky	$178	$31	$209
Louisiana	$204	$36	$240
Maine			
Maryland			
Massachusetts			
Michigan	$181	$32	$213
Minnesota	$169	$31	$200
Mississippi			
Missouri			
Montana			
Nebraska	$159	$28	$187
Nevada			
New Hampshire			
New Jersey			
New Mexico			
New York			
N. Carolina	$199	$35	$234
N. Dakota			
Ohio			
Oklahoma			
Oregon			
Pennsylvania			
Rhode Island			
S. Carolina			
S. Dakota	$200	$35	$235
Tennessee	$210	$37	$247
Texas			
Utah			
Vermont			
Virginia			
Washington			
W. Virginia			
Wisconsin			
Wyoming			

Data Sources: Food and Nutrition Services, USDA.

(1) Based on mean monthly caseload.

XI. HISTORICAL DATA (Dollars in thousands)
10.565 COMMODITY SUPPLEMENTAL FOOD PROGRAM

Federal Fiscal Year		Total Federal Spending		Persons Served	Federal Staff
1985		$43,162		139,000	21
1984		$30,484		137,000	21
1983		$23,742		138,000	20
1982		$22,537		126,000	20
1981		$23,921		115,000	20
1980		$22,520		102,000	20
1979		$17,768		99,000	20
1978		$17,955		104,000	20
1977		$14,446		107,000	20
1976	(1)	$21,844		132,000	20
1975			(2)	132,000	20
1974			(2)	146,000	20
1973			(2)	158,000	20
1972			(2)	172,000	20
1971			(2)	183,000	20
1970			(2)	94,000	20
1969			(2)	21,000	20
1968					
1967					
1966					
1965					
1964					
1963					
1962					
1961					
1960					

Data Sources: Food and Nutrition Service, USDA.

(1) Includes $4,096(000) for the Transition Quarter.
(2) Outlays included under the Section 32 account in the Agricultural Marketing Service.

NEEDY FAMILY PROGRAM

I. PROGRAM SUMMARY

The Department of Agriculture donates and helps to distribute food to assist low income households living on Indian reservations and in the Trust Territories. The USDA makes commodities and federal matching funds for administrative expenses available to public local authorities who, in turn, make eligibility determinations and store and distribute the food.

In FY 1985, the Needy Family Program assisted about 139,000 persons at a total federal cost of about $42 million. The Trust Territories accounted for only about 4,100 of the participants and about $868,000 of federal costs; the remainder was for Indian programs. Federal funds cover the cost of acquiring, processing, and transporting the food obtained under USDA surplus removal and price support operations. Federal funds also cover 75 percent of the administrative expenses of the public distributing agencies; the distributing agencies must provide the other 25 percent of the operating funds.

Participants must live on a reservation or in a territory that operates a Needy Family Program and must be determined by the local authorities to have inadequate income and resources. Households receiving federally supported public assistance are categorically eligible and other needy persons must usually meet income and assets tests that roughly correspond to those set under the Food Stamp Program.

Eligible households receive without charge an established monthly food package for each household member. The food packages are based on national per person issuance rates and adjusted to reflect the recipients' preferences. A typical package generally includes the following items each month: canned meats, fish, vegetables, fruits, and juices; dried beans, peanuts, and peanut butter; egg mix, milk, cheese, and butter; pasta, flour, syrup, and shortening. Other commodities are also available when in surplus.

The Needy Family Program was established in 1936 as a state-administered commodity distribution program. After the nationwide implementation of the Food Stamp Program in 1974, however, it was all but eliminated except in the Trust Territories where Food Stamps are not available. In 1977, the program was extended as an alternative to Food Stamps for rural Indians in areas where food stores are not conveniently located. In 1984, some 21 new Indian tribal organizations adopted the Needy Family Program.

II. ADMINISTRATION

A. Program name: Needy Family Program.

B. Catalog of Federal Domestic Assistance No.: 10.567
Budget account number(s): 12-3503-0-1-605.

C. Current authorizing statute: Pub. L. 95-113, Pub. L. 97-98, and Section 1304(a) of the Agriculture and Consumer Protection Act of 1973.

D. Location of program regulations in the Code of Federal Regulations: 7 CFR Part 250, 253, and 254.

E. Federal administering agency: Food and Nutrition Service, Department of Agriculture.

F. Primary grantee (if any) receiving program funds to provide benefits: States; Indian tribal organizations; the Trust Territory of the Pacific Islands.

G. Subgrantee (if any) receiving program funds to provide benefits: none.

H. Allocation of federal funds.

Annual budget requests for administrative funds are negotiated by states, Indian tribal organizations, the Trust Territory, and FNS based on program needs. Individual programs are required to match federal funds by 25 percent; however, additional federal funding may be provided with justification of need.

Commodities are distributed to eligible households based on a nationally designed per person issuance rate.

I. Role of state and local governments in administering the program.

The public authorities who serve as grantees administer all aspects of the program, including certification of participants and the storage and distribution of USDA donated foods.

J. Audit or quality control.

Distributing agencies are required to monitor and review their operations to ensure compliance with FNS regulations. In addition, this program, as well as all other federal programs, is subject to the audit requirements in OMB Circular A-128, Audits of State and Local Governments.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The objective of the program is to assist low income households in obtaining a nutritionally adequate diet.

B. Allocation of program funds among activities.

Food is donated to low income households to improve their diets. In addition, information about food storage and nutrition education is provided to these households.

Funds are accounted for by the grantees under the following categories: (1) certification costs; (2) storage and distribution of donated commodities; (3) nutrition education; and (4) other costs. The broad category "other costs" is seldom used. For the most part, the category includes funds for outreach and referral services.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Eligibility under the Needy Family Program is determined on a household basis.

The term household is defined for Indian programs to mean any of the following individuals or groups of individuals, provided that such individuals or groups are not boarders or residents of an institution and provided that separate household or boarder status shall not be granted to a spouse of a member of a household, or to children under the parental control of a member of the household: (1) an individual living alone; (2) an individual customarily purchasing food and preparing meals for home consumption separate and apart from the others; or (3) a group of individuals living together for whom food is customarily purchased in common and for whom meals are prepared together for home consumption.

B. Income eligibility standards.

The income standard for Indian programs is the Food Stamp Program (FSP) net monthly income standard.

The effective standards for May 1986 are:

Household Size	Net Monthly Income Limit
1	$ 533
2	683
3	833
4	983
5	1,133
6	1,283
7	1,433
8	1,583

In general, all other standards used to determine income eligibility under the Indian programs (e.g., income exclusions, deductions, and asset limits) parallel the rules under the Food Stamp Program.

C. Other eligibility requirements.

Residency in the Trust Territory of the Pacific Islands or on an Indian reservation is required (any Indian household living near an Indian reservation or in Oklahoma can also qualify). In addition, Indians can not receive SSI in an SSI "cash out" state (i.e., not have the Food Stamp equivalent in cash included in the SSI check) and can not be receiving benefits or have been disqualified from the Food Stamp Program.

D. Other income a recipient unit is required or expected to spend to receive benefits.

None.

V. BENEFITS AND SERVICES

A. Program intake processes.

Almost all households apply in person. Public assistance households are categorically eligible under the Indian programs.

B. Program benefits or services.

Food is donated to low income households to improve their diets. In addition, information about food storage and nutrition education is provided to these households.

Eligible households receive an established monthly food package for each household member. Household food preferences are taken into consideration in the design of the food package. Under the Indian programs, for example, the following foods are provided monthly: canned meats, fish, vegetables, fruits and juices; dried beans, peanuts and peanut butter; egg mix, milk, cheese, and butter; pasta, flour, and grains, corn syrup, and shortening; plus bonus commodities when they are available.

A recent nutritional analysis comparing the Needy Family Program food packages to the Food Stamp Program's Thrifty Food Plan (TFP) showed that they meet the TFP goals for all nutrients except magnesium and vitamin B6. The food package provides 104 percent of the TFP goal for energy. In addition, cholesterol and sodium levels are within the maximum specified goal; total fat and protein levels both are within the percentage of calories that the TFP goals allow. However, sweeteners are lower than the TFP goal. The food package also provides 101 percent of the Recommended Dietary Allowances.

C. Duration of benefits.

No information about average duration of benefits is available. Certification period is from one to 12 months depending on household circumstances. At the end of the certification period the household must be recertified to continue receiving benefits.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

Public assistance households are categorically eligible under the Indian programs. Households in which all members are included in an AFDC or Supplemental Security Income grant may be categorically eligible. In addition, a recipient of a state or local general assistance program, which applies criteria of need the same as or similar to those applied under any of the federally aided public assistance programs, may also be categorically eligible.

Participation in the Food Stamp Program automatically precludes participation in this program.

B. Counting assistance from other programs.

While cash income is counted in determining eligibility, participation in cash public assistance program confers categorical eligibility.

C. Overlapping authorities and benefits.

There are other programs which provide assistance to support the needs of low-income people, the most prominent of which are the aid to Families with Dependent Children (AFDC) Program and Supplemental Security Income (SSI).

Other food assistance programs provide similar benefits to a similar population. The Temporary Emergency Food Assistance Program (TEFAP) also provides certain bonus commodities (i.e., nonfat dry milk, butter, cheese, rice, honey, cornmeal, and flour). Therefore, persons receiving benefits under the Needy Family Program and TEFAP could receive larger quantities of the above mentioned bonus commodities.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Agriculture, Nutrition and Forestry
    Subcommittee on Nutrition

House of Representatives

Committee on Agriculture
    Subcommittee on Domestic Marketing, Consumer Relations and Nutrition

B. Appropriating subcommittees.

Senate

Subcommittee on Agriculture, Rural Development and Related Agencies

House of Representatives

Subcommittee on Agriculture, Rural Development and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

Section 416 of the Agricultural Act of 1949 - Made certain commodities acquired through price-support operations by the Commodity Credit Corporation (CCC) available for distribution. CCC commodities were made available, among others to: The Bureau of Indian Affairs and federal, state and local public welfare organizations for the assistance of needy Indians and other needy persons.

Pub. L. 93-86, the Agriculture and Consumer Protection Act of 1973 - Mandated a changeover by July 1, 1974, from the Food Distribution Program for needy families to the Food Stamp Program in every political subdivision of the country except where it could be shown to be impracticable in a given area.

Pub. L. 95-113, the Food Stamp Act of 1977 - Food distribution to needy households could now operate on all or part of an Indian reservation (regardless of Food Stamp Program) upon request by tribal organizations.

Pub. L. 93-86 - Mandated administrative expense funds for the Indian Food Distribution Program.

E. Major federal implementing regulation and regulatory changes.

Formal regulations (7 CFR 250) were not developed until January 1, 1959. Provisions for accounting of operating expense funds were added in 1967.

The regulations for the overall operation of Needy Family Program (7 CFR Part 283) were published on June 19, 1979, as required by the Food Stamp Act of 1977. These regulations provided for commodities to be distributed under the Food Distribution Program, with or without the Food Stamp Program.

Since the June 19, 1979, regulations were published, several issues relating to the regulations have arisen. Amendment No. 1 clarifying these issues was published on April 2, 1982. The contents of Part 283 (June 19, 1979) was also redesignated as Part 253. These regulations allowed for the issuance of commodities to Indian households which reside near the reservation. This issuance is consistent with the delivery of benefits under Bureau of Indian Affairs programs. It was USDA's intent to be consistent with other federal programs providing off-reservation services, but not to replace the Food Stamp Program, particularly in urban places. Clearly defined service areas are needed by the administering agencies for the effective provision and monitoring of services.

Regulations require that the tribal organization delineate and describe the geographical boundaries of areas near the reservation it wishes to serve. In addition, any urban places outside the reservation boundaries are excluded from the program service area. However, FNS does allow a tribal organization or state agency to change the limitation with justification on a case-by-case basis. An urban place is defined as a town or city with a population of 10,000 or more.

Part 254 regulations implementing the program in Oklahoma, were published on August 16, 1984.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (in thousands)
10.567 NEEDY FAMILY PROGRAM

	Benefits (1)	Administration	Total
United States (2)	$24,965	$16,742 (3)	$41,707
Alabama			
Alaska			
Arizona	$5,340	$2,567	$7,906
Arkansas			
California	$634	$523	$1,157
Colorado	$101	$148	$248
Connecticut			
Delaware			
D. C.			
Florida	$99	$74	$173
Georgia			
Hawaii			
Idaho	$531	$298	$829
Illinois			
Indiana			
Iowa	$25	$57	$82
Kansas	$109	$233	$343
Kentucky			
Louisiana			
Maine			
Maryland			
Massachusetts			
Michigan	$418	$517	$935
Minnesota	$1,386	$917	$2,304
Mississippi	$161	$133	$293
Missouri			
Montana	$1,271	$1,114	$2,385
Nebraska	$237	$224	$461
Nevada	$287	$259	$546
New Hampshire			
New Jersey			
New Mexico	$856	$632	$1,488
New York	$64	$64	$128
N. Carolina	$263	$98	$362
N. Dakota	$1,530	$951	$2,481
Ohio			
Oklahoma	$6,307	$4,007	$10,315
Oregon	$84	$69	$153
Pennsylvania			
Rhode Island			
S. Carolina			
S. Dakota	$2,545	$1,930	$4,475
Tennessee			
Texas			
Utah			
Vermont			
Virginia			
Washington	$1,029	$764	$1,793
W. Virginia			
Wisconsin	$941	$1,042	$1,983
Wyoming			
T. Territories	$747	$122	$868

Data Sources: Food and Nutrition Service, USDA.

(1) Benefits are commodity food packages distributed monthly to recipients.
(2) Not all states contain Indian tribal organizations participating in the Needy Family Program.
(3) Not including $187(000) for federal administration.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands)
10.567 NEEDY FAMILY PROGRAM

		Benefits	(1)	Administration		Total
United States	(2)	$34,277		$14,673	(3)	$48,951
Alabama						
Alaska						
Arizona		$8,759		$2,169		$10,927
Arkansas						
California		$891		$477		$1,368
Colorado		$186		$118		$304
Connecticut						
Delaware						
D. C.						
Florida		$154		$66		$220
Georgia						
Hawaii						
Idaho		$842		$255		$1,096
Illinois						
Indiana						
Iowa		$45		$67		$111
Kansas		$193		$203		$396
Kentucky						
Louisiana						
Maine						
Maryland						
Massachusetts						
Michigan		$548		$421		$969
Minnesota		$2,210		$853		$3,063
Mississippi		$245		$124		$370
Missouri						
Montana		$2,101		$969		$3,071
Nebraska		$402		$224		$626
Nevada		$484		$202		$687
New Hampshire						
New Jersey						
New Mexico		$832		$410		$1,243
New York		$153		$49		$202
N. Carolina		$465		$86		$551
N. Dakota		$2,532		$814		$3,346
Ohio						
Oklahoma		$5,428		$3,862		$9,290
Oregon		$80		$35		$115
Pennsylvania						
Rhode Island						
S. Carolina						
S. Dakota		$4,283		$1,583		$5,866
Tennessee						
Texas						
Utah						
Vermont						
Virginia						
Washington		$1,441		$577		$2,018
W. Virginia						
Wisconsin		$1,585		$1,009		$2,594
Wyoming						
T. Territories		$418		$100		$518

Data Sources: Food and Nutrition Service, USDA.

(1) Benefits are commodity food packages distributed monthly to recipients.
(2) Not all states contain Indian tribal organizations participating in the Needy Family Program.
(3) Not including $201(000) for federal administration.

IX. A. FY 85 RECIPIENT CHARACTERISTICS
10.567 NEEDY FAMILY PROGRAM

		All Persons Served	(1)
United States		138,527	(2)
Alabama			
Alaska			
Arizona		29,628	
Arkansas			
California		3,518	
Colorado		559	
Connecticut			
Delaware			
D. C.			
Florida		552	
Georgia			
Hawaii			
Idaho		2,948	
Illinois			
Indiana			
Iowa		138	
Kansas		606	
Kentucky			
Louisiana			
Maine			
Maryland			
Massachusetts			
Michigan		2,318	
Minnesota		7,692	
Mississippi		892	
Missouri			
Montana		7,052	
Nebraska		1,317	
Nevada		1,590	
New Hampshire			
New Jersey			
New Mexico		4,751	
New York		356	
N. Carolina		1,461	
N. Dakota		8,492	
Ohio			
Oklahoma		34,999	
Oregon		465	
Pennsylvania			
Rhode Island			
S. Carolina			
S. Dakota		14,121	
Tennessee			
Texas			
Utah			
Vermont			
Virginia			
Washington		5,710	
W. Virginia			
Wisconsin		5,220	
Wyoming			
T. Territories		4,142	

Data Sources: Food and Nutrition Service, USDA.

(1) Household data not collected: benefits are commodities distributed monthly for individual participants.
(2) Not all states contain Indian tribal organizations participating in the Needy Family Program.

IX. B. FY 84 RECIPIENT CHARACTERISTICS
10.567 NEEDY FAMILY PROGRAM

		All Persons Served	(1)
United States		114,277	(2)
Alabama			
Alaska			
Arizona		29,045	
Arkansas			
California		2,954	
Colorado		616	
Connecticut			
Delaware			
D. C.			
Florida		511	
Georgia			
Hawaii			
Idaho		2,791	
Illinois			
Indiana			
Iowa		148	
Kansas		640	
Kentucky			
Louisiana			
Maine			
Maryland			
Massachusetts			
Michigan		1,818	
Minnesota		7,329	
Mississippi		813	
Missouri			
Montana		6,968	
Nebraska		1,333	
Nevada		1,606	
New Hampshire			
New Jersey			
New Mexico		2,760	
New York		508	
N. Carolina		1,542	
N. Dakota		8,398	
Ohio			
Oklahoma		18,001	
Oregon		264	
Pennsylvania			
Rhode Island			
S. Carolina			
S. Dakota		14,203	
Tennessee			
Texas			
Utah			
Vermont			
Virginia			
Washington		4,778	
W. Virginia			
Wisconsin		5,256	
Wyoming			
T. Territories		1,995	

Data Sources: Food and Nurtition Service, USDA.

(1) Household data not collected: benefits are commodities distributed monthly for individual participants.
(2) Not all states contain Indian tribal organizations participating in the Needy Family Program.

X. A. MEAN FY 85 COSTS PER UNIT SERVED (1)
10.567 NEEDY FAMILY PROGRAM

		Benefits	Administration	Total
United States	(2)	$180	$121	$301
Alabama				
Alaska				
Arizona		$180	$87	$267
Arkansas				
California		$180	$149	$329
Colorado		$180	$264	$444
Connecticut				
Delaware				
D. C.				
Florida		$180	$133	$314
Georgia				
Hawaii				
Idaho		$180	$101	$281
Illinois				
Indiana				
Iowa		$180	$414	$595
Kansas		$180	$385	$565
Kentucky				
Louisiana				
Maine				
Maryland				
Massachusetts				
Michigan		$180	$223	$403
Minnesota		$180	$119	$299
Mississippi		$180	$149	$329
Missouri				
Montana		$180	$158	$338
Nebraska		$180	$170	$350
Nevada		$180	$163	$343
New Hampshire				
New Jersey				
New Mexico		$180	$133	$313
New York		$180	$178	$359
N. Carolina		$180	$67	$247
N. Dakota		$180	$112	$292
Ohio				
Oklahoma		$180	$115	$295
Oregon		$180	$149	$329
Pennsylvania				
Rhode Island				
S. Carolina				
S. Dakota		$180	$137	$317
Tennessee				
Texas				
Utah				
Vermont				
Virginia				
Washington		$180	$134	$314
W. Virginia				
Wisconsin		$180	$200	$380
Wyoming				
T. Territories		$180	$29	$210

Data Sources: Food and Nutrition Service, USDA.

(1) Based on mean monthly caseload.
(2) Not all states contain Indian tribal organizations participating in the Needy Family Program.

X. B. MEAN FY 84 COSTS PER UNIT SERVED (1)
10.567 NEEDY FAMILY PROGRAM

		Benefits	Administration	Total
United States	(2)	$300	$128	$428
Alabama				
Alaska				
Arizona		$302	$75	$376
Arkansas				
California		$302	$161	$463
Colorado		$302	$192	$493
Connecticut				
Delaware				
D. C.				
Florida		$301	$130	$431
Georgia				
Hawaii				
Idaho		$302	$91	$393
Illinois				
Indiana				
Iowa		$301	$450	$751
Kansas		$302	$317	$619
Kentucky				
Louisiana				
Maine				
Maryland				
Massachusetts				
Michigan		$302	$231	$533
Minnesota		$302	$116	$418
Mississippi		$302	$153	$455
Missouri				
Montana		$302	$139	$441
Nebraska		$301	$168	$470
Nevada		$302	$126	$428
New Hampshire				
New Jersey				
New Mexico		$302	$149	$450
New York		$301	$96	$398
N. Carolina		$302	$56	$358
N. Dakota		$302	$97	$398
Ohio				
Oklahoma		$302	$215	$516
Oregon		$302	$132	$434
Pennsylvania				
Rhode Island				
S. Carolina				
S. Dakota		$302	$111	$413
Tennessee				
Texas				
Utah				
Vermont				
Virginia				
Washington		$302	$121	$422
W. Virginia				
Wisconsin		$302	$192	$494
Wyoming				
American Samoa				
Guam				
N. Mariana Is.				
Puerto Rico				
T. Territories		$210	$50	$260
Virgin Islands				

Data Sources: Food and Nutrition Service, USDA.

(1) Mean annual costs based on monthly caseload.
(2) Not all states contain Indian tribal organizations participating in the Needy Family Program.

XI. HISTORICAL DATA (Dollars in thousands)
10.567 NEEDY FAMILY PROGRAM

Federal Fiscal Year		Total Federal Outlays	Persons Served	Federal Staff
1985		$41,708	138,527	5
1984		$48,950	114,277	6
1983		$47,257	97,684	9
1982		$39,073	90,615	7
1981		$39,411	87,888	9
1980		$33,124	74,697	7
1979		$11,748	97,382	6
1978		$29,903	89,912	6
1977		$27,752	72,174	9
1976		$7,776	68,793	89
1975		$39,038	79,274	119
1974	(1)	$190,147	1,981,555	188
1973		$254,700	2,659,186	206
1972		$314,557	3,616,000	224
1971		$319,831	3,974,000	229
1970		$291,100	4,129,000	281
1969		$223,722	3,817,000	291
1968		$123,174	3,491,000	
1967		$101,030	3,722,000	
1966		$131,673	4,781,000	
1965		$226,059	5,842,000	
1964		$197,081	6,135,000	
1963		$204,212	7,019,000	
1962		$226,310	7,443,000	
1961		$140,000	6,384,000	
1960		$59,400	4,309,000	

Data Sources: Food and Nutrition Service, USDA.

(1) The national program was narrowed to Trust Territory and Indian tribal programs with the advent of the national Food Stamp Program.

SPECIAL MILK PROGRAM

I. PROGRAM SUMMARY

The Special Milk Program (SMP) is an entitlement program which subsidizes the consumption of fluid milk by children in schools, child care institutions, and summer camps. State educational agencies administer the program through agreements with local schools and other organizations that serve the half-pints of milk made available by the program.

The SMP was established in 1954 to encourage school children to drink milk and also to provide an outlet for the Commodity Credit Corporation which had been purchasing large amounts of dairy products and storing them to boost dairy prices. The cost of the program, which is fully funded by the federal government, peaked at $159 million in 1980. In FY 1985, about 170 million half-pints of milk were served under the program at a total federal cost of about $16 million. The current smaller program is a result of legislation adopted in 1981 that reduced the duplication of benefits by limiting the SMP to schools and institutions that do not participate in federally subsidized meal programs. The Child Nutrition Amendments of 1986 provided a limited exception to this provision. The law now allows children attending split-session kindergartens that do not have access to any food service authorized under the National School Lunch or Child Nutrition Acts to participate in the SMP.

All students attending an institution participating in SMP are eligible under the program. Schools may elect to serve free milk to eligible children. In order to be eligible for free milk, the student must be from a household whose gross annual income does not exceed 130 percent of the federal poverty guidelines. Eligibility for free milk is determined by an official at each school or institution and is based on family size and income information provided on a voluntary application submitted by the student's parent or guardian. Nonneedy children must pay part of the cost of their milk.

Disbursements of SMP funds to the states are based on the number of half-pints of milk served, on the average costs of the milk served free to eligible children, and on the reimbursement rate for paid half-pints of milk. The reimbursement rate for what is termed paid milk, which is adjusted once each year to reflect the annual change in the Producer Price Index for Fresh Processed Milk, was 9.5 cents per half-pint in the 1984-1985 school year. The average reimbursement for free half-pints of milk was, on average, about 15 cents. The SMP provides students with one half-pint of milk each day.

II. ADMINISTRATION

A. Program name: Special Milk Program.

B. Catalog of Federal Domestic Assistance No.: 10.556
Budget account number(s): 12-3502-0-1-605.

C. Current authorizing statute: Pub. L. 97-35, 95 Stat. 527.

D. Location of program regulations in the Code of Federal Regulations: 7 CFR Part 215; 7 CFR Part 245.

E. Federal administering agency: Food and Nutrition Service, Department of Agriculture.

F. Primary grantee (if any) receiving program funds to provide benefits: States.

G. Subgrantee (if any) receiving program funds to provide benefits: School districts; nonprofit institutions; summer camps.

H. Allocation of federal funds.

The Special Milk Program (SMP) is an entitlement program which may operate in schools, child care institutions, and summer camps without federally subsidized meal service, except it may operate in split-session kindergartens for children that do not have access to a federally subsidized meal service. The SMP provides funds for payments to state agencies at a defined indexed rate for paid half-pints of milk and, in schools electing to serve free milk to eligible children, for the average cost of half-pints of free milk served to children under the program.

The total amount of payments to any state agency is equal to the product obtained by multiplying the number of "paid" half-pints of milk to be served during the year at the applicable rates, plus the average costs of the milk served to children receiving free milk benefits.

Funds paid to any state for the SMP are made available by means of a Grant Award and Letter of Credit issued by FNS in favor of the state agency. State agencies are required to use these funds to reimburse participating school food authorities, summer camps, and child care institutions for half-pints served during each fiscal year. There is no state matching requirement in the SMP.

The subsidy for free milk was 15 cents per half-pint during the 1984-1985 school year. The subsidy for students partially paying for milk was 9.5 cents. This rate is adjusted annually based on the annual change in the Producer Price Index for Fresh Processed Milk.

I. Role of state and local governments in administering the program.

Within each state, the state educational agency administers the program through agreements made with local schools or school districts. In certain residential and nonresidential child care institutions, private schools, and summer camps, the program is administered by an FNS regional office or an alternate state agency.

J. Audit or quality control.

The federal government does not provide standards for administrative efficiency of the SMP. The program is very small relative to other Child Nutrition Programs and simple to manage.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

Section 3 of the Child Nutrition Act of 1966 (CNA), as amended, states that the objectives of the SMP are "to encourage consumption of fluid milk by children in the United States in (A) nonprofit schools of high school grade and under, except as provided in paragraph (2), which do not participate in a meal service program authorized under this Act or the National School Lunch Act and (B) nonprofit nursery schools, child care centers, settlement houses, summer camps, and similar nonprofit institutions devoted to the care and training of children, which do not participate in a meal service program authorized under this Act or the National School Lunch Act (NSLA). (2) The limitation imposed under paragraph (1)(A) for participation of nonprofit schools in the special milk program shall not apply to split-session kindergarten programs conducted in schools in which children do not have access to the meal service program operating in schools the children attend as authorized under this Act or the National School Lunch Act."

B. Allocation of program funds among activities.

The SMP regulations allow for the reimbursement of each half-pint of milk served free to be on the basis of average cost. Paid milk, on the other hand, is reimbursed only at the level of payment currently in effect. If the federal reimbursement, plus the child's payment for a half-pint of milk served to the child, is insufficient to cover the cost of providing that milk, the excess cost must be financed from revenues within the state (either state or local funds).

In Fiscal Year 1985, 7.1 million half-pints (4.3 percent) were served free, and 159.7 million half-pints (95.7 percent) were served to paying children.

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IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Any student attending an institution participating in the SMP is allowed to participate in the program. Eligibility for free milk depends upon the income of a child's household.

B. Income eligibility requirements.

In order to be eligible to receive free milk, the household's annual gross income must be no higher than 130 percent of the federal poverty guidelines.

Eligibility is determined on the basis of gross income. Gross income includes all earned cash income before deductions. No disregards, deductions, or discounts are considered. In the case of farm and nonfarm self-employed persons, eligibility is determined on the basis of net income, i.e., gross receipts minus operating expenses.

Gross income includes all unearned cash income except income received from any federal program that excludes such income by legislative prohibition, loans, the value of in-kind compensation, and student financial assistance.

No limitations are placed on a household's assets.

C. Other eligibility requirements.

To receive free milk benefits, a household must submit a complete application which includes: (1) names of all household members; (2) the social security number of each adult household member or an indication that a household member does not possess one; (3) household income received by each household member, identified by source of income, and total household income; (4) the signature of an adult member of the household.

Section 9 of the National School Lunch Act allows Food Stamp and AFDC households to provide abbreviated information.

Submission of an incomplete free milk application by an otherwise eligible household would preclude participation. Eligibility determinations are made by an official at each school or institution and are based on family size and income information provided on an application submitted by a parent or guardian.

D. Other income a recipient unit is required or expected to spend to receive benefits.

None.

V. BENEFITS AND SERVICES

A. Program intake process.

Any public or private school, child care institution, and summer camp which does not participate in other federally subsidized meal services may participate in the SMP, as may split-session kindergarten programs in which the children do not have access to a meal service. All children who attend participating institutions may voluntarily use the program. Schools may elect to serve free milk to eligible children. In order to receive free milk in such schools, a household must submit an application.

B. Program benefits or services.

Participants in the SMP are entitled to receive milk either free or at a subsidized price. The subsidy per half-pint depends on whether the school has elected to offer free milk and, if so, whether the recipient qualifies for free or paid category half-pints based on family income eligibility criteria.

The SMP provides a child with milk each school day. Milk served under the program must be pasteurized fluid types of unflavored or flavored whole, low fat, skim, or butter-milk which meet state and local standards for such milk.

C. Duration of benefits.

There is no limit to student participation provided the school or institution meets the eligibility criteria for program participation. As long as the school or institution is participating in the program, an enrolled student may participate for as long as the student chooses.

The SMP is available through schools, child care institutions, and summer camps. Schools account for the majority of participation in the SMP and therefore the bulk of its operation occurs during the school year.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

Documented eligibility for the Food Stamp Program can be used to certify a student's eligibility to receive free milk in schools electing to serve free milk to eligible children.

B. Counting assistance from other programs.

Although cash income from all sources would be counted in determining eligibility for free milk, receipt of cash public assistance confers categorical eligibility. Non-cash benefits are not counted as income.

C. Overlapping authorities and benefits for low income households.

There are other programs which provide assistance to support the needs of low income people, the most prominent of which are Aid to Families with Dependent Children and Supplemental Security Income. Specifically referring to food assistance needs, the Food Stamp Program is available to the low income population in general. The SMP is targeted to a specific population, school-age children and may supplement the Food Stamp Program benefits of some recipients. Not all SMP participants receive Food Stamps and vice versa.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Agriculture, Nutrition and Forestry
    Subcommittee on Nutrition.

House of Representatives

Committee on Education and Labor
    Subcommittee on Elementary, Secondary and Vocational Education.

B. Appropriation subcommittees.

Senate

Subcommittee on Agriculture, Rural Development and Related Agencies

House of Representatives

Subcommittee on Agriculture, Rural Development and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

1954 Agricultural Act - Established the SMP.

1956 Amendments - Established the SMP as a service to all children without reference to family income.

1960 Amendments - Appropriated funds to reimburse the CCC for the SMP.

1961 Agricultural Act - Established direct funding for the SMP.

1966 Child Nutrition Act - Incorporated the SMP into the Child Nutrition Act.

1971 Amendments - Authorization of SMP made permanent.

1977 Amendments - Mandated that free milk could be made available at times other than scheduled meal service.

1978 Amendments - Required free milk to be served to eligible children only at the option of the school and upon request by the child.

1979 Amendments - Mandated that any nonprofit school or child care institution could participate in the SMP on request; established a minimum rate of reimbursement.

1980 Omnibus Budget Reconciliation Act - Established a flat-paid rate for milk served in schools with other child nutrition programs.

1981 Omnibus Budget Reconciliation Act - Prohibited participation at the same time in the SMP and any other child nutrition program serving meals of which milk was a component.

1986 Child Nutrition Amendments of 1986 - Permitted split session kindergarten children to participate in the SMP if they do not have access to another child nutrition program.

E. Major federal implementing regulations and regulatory changes.

1954 Program regulations first promulgated.

1958 Regulations were promulgated to include nonprofit nursery schools, child care centers, settlement houses, summer camps, and similar nonprofit child care institutions.

1969 State agencies were authorized to operate the milk program under a contract with food service management companies when such operation would extend food service to needy

	children not previously benefiting from the program.
1971	"Needy schools" was redefined and the allowable use of funds was expanded to allow special developmental projects within specified constraints.
1973	The program was expanded to include Guam.
1974	Children eligible for free lunch were made eligible for an additional free half-pint of milk. A minimum rate of reimbursement of 5 cents for a half-pint of milk was established.
1976	The program was expanded to include Puerto Rico, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands. A proviso was added so that the minimum rate of reimbursement would not exceed the cost of the milk to the school or institution.
1978	The provision that "children eligible for free lunches under the school lunch program were also eligible for free milk" was revised so that these children would only receive free milk when milk is provided at times other than the period of meal service in outlets which operate the lunch, breakfast, or child care program.
1979	The service of free milk was no longer required; rather, the school food authority was provided the option of whether or not to serve free milk. Criminal penalties were established for the misuse of funds, assets, or property under the National School Lunch or Child Nutrition Act. The definition of child was expanded to include mentally or physically handicapped persons.
1981	The rates of reimbursement per half pint of milk were reduced from 8.5 to 5.0 cents. Job Corps centers were excluded from program participation. Private schools with an average yearly tuition exceeding $1,500 per child were prohibited from participating in the milk program. Schools participating in the milk program were prohibited from participating in any other milk service program authorized under the Child Nutrition Act and National School Lunch Act.

1982	The Food Service Equipment Assistance Program was terminated. The state plan was eliminated. Income eligibility limits were revised so that the free milk limit was the same as the Food Stamp Program. The standard deduction from income was eliminated. Revised and tightened application procedures were established, including the collection of social security numbers.
1983	Time limits for claims for reimbursement were established.
1987	The SMP was extended to split session kindergarten programs conducted in schools in which the kindergarten children do not have access to the meal service.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (In thousands)
10.556 SPECIAL MILK PROGRAM

	Benefits (1)	(2)
United States	$15,993	
Alabama	$42	
Alaska	$24	
Arizona	$288	
Arkansas	$30	
California	$1,226	
Colorado	$100	
Connecticut	$529	
Delaware	$35	
D. C.	$21	
Florida	$129	
Georgia	$62	
Hawaii	$13	
Idaho	$83	
Illinois	$2,512	
Indiana	$241	
Iowa	$151	
Kansas	$93	
Kentucky	$119	
Louisiana	$100	
Maine	$76	
Maryland	$349	
Massachusetts	$319	
Michigan	$785	
Minnesota	$412	
Mississippi	$13	
Missouri	$354	
Montana	$63	
Nebraska	$106	
Nevada	$23	
New Hampshire	$249	
New Jersey	$307	
New Mexico	$31	
New York	$1,841	
N. Carolina	$90	
N. Dakota	$17	
Ohio	$1,201	
Oklahoma	$15	
Oregon	$162	
Pennsylvania	$667	
Rhode Island	$92	
S. Carolina	$38	
S. Dakota	$41	
Tennessee	$42	
Texas	$128	
Utah	$25	
Vermont	$174	
Virginia	$145	
Washington	$317	
W. Virginia	$30	
Wisconsin	$1,452	
Wyoming	$24	
Virgin Islands	$6	

Data Sources: Food and Nutrition Service, USDA.

(1) Outlays for state administration of this program are included in those shown for the School Lunch Program. No outlays for administration at the federal level are charged to this account; they are charged to the Food Program Administration account and were $155(000).
(2) Benefits are federal payments for half-pints of fluid milk served to children in participating schools; these payments are equal to the cost of milk served to children from households with incomes at or below 130 percent of the poverty level and a lesser amount for milk served to all other children.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands)
10.556 SPECIAL MILK PROGRAM

	Benefits (1)	(2)
United States	$16,000	
Alabama	$60	
Alaska	$26	
Arizona	$369	
Arkansas	$47	
California	$1,427	
Colorado	$85	
Connecticut	$488	
Delaware	$39	
D. C.	$24	
Florida	$116	
Georgia	$48	
Hawaii	$16	
Idaho	$80	
Illinois	$2,498	
Indiana	$211	
Iowa	$125	
Kansas	$76	
Kentucky	$97	
Louisiana	$211	
Maine	$68	
Maryland	$303	
Massachusetts	$405	
Michigan	$902	
Minnesota	$184	
Mississippi	$11	
Missouri	$232	
Montana	$55	
Nebraska	$100	
Nevada	$27	
New Hampshire	$208	
New Jersey	$924	
New Mexico	$84	
New York	$2,023	
N. Carolina	$78	
N. Dakota	$11	
Ohio	$1,192	
Oklahoma	$49	
Oregon	$187	
Pennsylvania	$640	
Rhode Island	$78	
S. Carolina	$32	
S. Dakota	$27	
Tennessee	$39	
Texas	$210	
Utah	$40	
Vermont	$152	
Virginia	$132	
Washington	$282	
W. Virginia	$31	
Wisconsin	$1,229	
Wyoming	$19	
Virgin Islands	$1	

Data Sources: Food and Nutrition Service, USDA.

(1) Outlays for state administration of this program are included in those shown for the School Lunch Program. No outlays for administration at the federal level are charged to this account; they are charged to the Food Program Administration account and were $153(000).
(2) Benefits are federal payments for half-pints of fluid milk served to children in participating schools; these payments are equal to the cost of milk served to children from households with incomes at or below 130 percent of the poverty level and a lesser amount for milk served to all other children.

IX. A. FY 85 RECIPIENT CHARACTERISTICS (in thousands)
10.556 SPECIAL MILK PROGRAM

	Half-pints of Milk	Children	(1)
United States	167,171	1,001	
Alabama	416	2	
Alaska	225	1	
Arizona	2,950	18	
Arkansas	240	1	
California	11,986	72	
Colorado	1,004	6	
Connecticut	5,125	31	
Delaware	359	2	
D. C.	214	1	
Florida	1,300	8	
Georgia	570	3	
Hawaii	116	1	
Idaho	875	5	
Illinois	25,984	155	
Indiana	2,411	14	
Iowa	1,528	9	
Kansas	980	6	
Kentucky	1,177	7	
Louisiana	1,005	6	
Maine	749	4	
Maryland	3,320	20	
Massachusetts	4,463	27	
Michigan	10,782	65	
Minnesota	5,848	35	
Mississippi	144	1	
Missouri	3,579	21	
Montana	597	4	
Nebraska	1,036	6	
Nevada	218	1	
New Hampshire	2,465	15	
New Jersey	9,468	57	
New Mexico	319	2	
New York	19,290	116	
N. Carolina	961	6	
N. Dakota	163	1	
Ohio	11,982	72	
Oklahoma	174	1	
Oregon	1,711	10	
Pennsylvania	5,981	36	
Rhode Island	908	5	
S. Carolina	387	2	
S. Dakota	392	2	
Tennessee	392	2	
Texas	1,304	8	
Utah	256	2	
Vermont	1,883	11	
Virginia	1,467	9	
Washington	3,131	19	
W. Virginia	343	2	
Wisconsin	14,726	88	
Wyoming	253	2	
Virgin Islands	65	0	

Data Sources: Food and Nutrition Service, USDA.

(1) Data on participation by persons not collected; estimated using an average daily attendance factor of 167 days.

IX. B. FY 84 RECIPIENT CHARACTERISTICS (in thousands)
10.556 SPECIAL MILK PROGRAM

	Half-pints of Milk	Children (1)
United States	178,152	1,067
Alabama	423	3
Alaska	205	1
Arizona	4,573	27
Arkansas	258	2
California	12,403	74
Colorado	1,003	6
Connecticut	5,363	32
Delaware	375	2
D. C.	239	1
Florida	1,464	9
Georgia	649	4
Hawaii	115	1
Idaho	857	5
Illinois	30,489	183
Indiana	2,578	15
Iowa	1,544	9
Kansas	947	6
Kentucky	1,141	7
Louisiana	1,085	6
Maine	782	5
Maryland	3,419	20
Massachusetts	4,890	29
Michigan	11,032	66
Minnesota	6,121	37
Mississippi	138	1
Missouri	2,852	17
Montana	623	4
Nebraska	1,053	6
Nevada	263	2
New Hampshire	2,568	15
New Jersey	9,304	56
New Mexico	392	2
New York	21,359	128
N. Carolina	970	6
N. Dakota	171	1
Ohio	12,576	75
Oklahoma	193	1
Oregon	1,782	11
Pennsylvania	6,385	38
Rhode Island	950	6
S. Carolina	309	2
S. Dakota	300	2
Tennessee	390	2
Texas	1,445	9
Utah	557	3
Vermont	1,756	11
Virginia	1,557	9
Washington	3,100	19
W. Virginia	124	1
Wisconsin	14,829	89
Wyoming	240	1
Virgin Islands	17	0

Data Sources: Food and Nutrition Service, USDA.

(1) Data on participation by persons not collected; estimated using an average daily attendance factor of 167 days.

X. A. MEAN FY 85 COSTS PER PERSON SERVED
10.556 SPECIAL MILK PROGRAM

	Benefits (1)	(2)
United States	$16	
Alabama	$17	
Alaska	$18	
Arizona	$16	
Arkansas	$21	
California	$17	
Colorado	$17	
Connecticut	$17	
Delaware	$16	
D. C.	$16	
Florida	$17	
Georgia	$18	
Hawaii	$18	
Idaho	$16	
Illinois	$16	
Indiana	$17	
Iowa	$17	
Kansas	$16	
Kentucky	$17	
Louisiana	$17	
Maine	$17	
Maryland	$18	
Massachusetts	$12	
Michigan	$12	
Minnesota	$12	
Mississippi	$16	
Missouri	$17	
Montana	$17	
Nebraska	$17	
Nevada	$17	
New Hampshire	$17	
New Jersey	$16	
New Mexico	$16	
New York	$16	
N. Carolina	$16	
N. Dakota	$17	
Ohio	$17	
Oklahoma	$15	
Oregon	$16	
Pennsylvania	$19	
Rhode Island	$17	
S. Carolina	$17	
S. Dakota	$18	
Tennessee	$18	
Texas	$16	
Utah	$16	
Vermont	$16	
Virginia	$17	
Washington	$17	
W. Virginia	$14	
Wisconsin	$16	
Wyoming	$16	
Virgin Islands	$16	

Data Sources: Food and Nutrition Service, USDA.

(1) Outlays for state administration of this program are included in those shown for the School Lunch Program. No outlays for administration at the federal level are charged to this account.
(2) Benefits are federal payments for half-pints of fluid milk served to children in participating schools; the annual level of payments per child was estimated by multiplying the average (per half-pint) reimbursement rate by an average attendance factor of 167 days.

X. B. MEAN FY 84 COSTS PER UNIT SERVED
10.556 SPECIAL MILK PROGRAM

		Benefits (1)	(2)
United States		$15	
Alabama		$24	
Alaska		$21	
Arizona		$13	
Arkansas		$31	
California		$19	
Colorado		$14	
Connecticut		$15	
Delaware		$18	
D. C.		$17	
Florida		$13	
Georgia		$12	
Hawaii		$23	
Idaho		$16	
Illinois		$14	
Indiana		$14	
Iowa		$13	
Kansas		$13	
Kentucky		$14	
Louisiana		$32	
Maine		$15	
Maryland		$15	
Massachusetts		$14	
Michigan		$14	
Minnesota		$5	
Mississippi		$13	
Missouri		$14	
Montana		$15	
Nebraska		$16	
Nevada		$17	
New Hampshire		$14	
New Jersey		$17	
New Mexico		$36	
New York		$16	
N. Carolina		$13	
N. Dakota		$11	
Ohio		$16	
Oklahoma		$42	
Oregon		$17	
Pennsylvania		$17	
Rhode Island		$14	
S. Carolina		$17	
S. Dakota		$15	
Tennessee		$17	
Texas		$24	
Utah		$12	
Vermont		$14	
Virginia		$14	
Washington		$15	
W. Virginia		$42	
Wisconsin		$14	
Wyoming		$13	
Virgin Islands		$14	

Data Sources: Food and Nutrition Service, USDA.

(1) Outlays for state administration of this program are included in those shown for the School Lunch Program. No outlays for administration at the federal level are charged to this account.
(2) Benefits are federal payments for half-pints of fluid milk served to children in participating schools; the annual level of payments per child was estimated by multiplying the average (per half-pint) reimbursement rate by an average attendance factor of 167 days.

XI. HISTORICAL DATA (in thousands)
10.556 SPECIAL MILK PROGRAM

Federal Fiscal Year		Total Federal Spending	Half-pints of Milk	(1)	Children	(2)	Federal Staff	(3)
1985		$15,993	170		1,018		5	
1984		$16,000	174		1,042		5	
1983		$14,912	189		1,132		5	
1982		$22,884	202		1,210		5	
1981		$104,384	1,534		9,186		5	
1980		$159,293	1,796		10,754		5	
1979		$134,086	1,821		10,904		5	
1978		$138,596	1,991		11,922		5	
1977		$157,034	2,204		13,198		37	
1976	(4)	$135,703	2,207		13,216		39	
1975		$122,858	2,139		12,808		43	
1974		$50,236	1,426		8,539		46	
1973		$90,858	2,561		15,335		50	
1972		$93,552	2,498		14,958		47	
1971		$90,916	2,570		15,389		43	
1970		$102,899	2,902		17,377		49	
1969		$101,925	2,944		17,629		59	
1968		$103,700	3,036		18,180			
1967		$96,100	3,027		18,126			
1966		$97,000	3,059		18,317			
1965		$86,500	2,967		17,766			
1964		$97,100	2,929		17,539			
1963		$93,700	2,766		16,563			
1962		$91,700	2,631		15,754			
1961		$81,400	2,477		14,832			
1960		$78,000	2,385		14,281			

Data Sources: Food and Nutrition Service, USDA.

(1) In millions.
(2) Data on persons served not collected. Estimated using an average attendance factor of 167 days.
(3) Not in thousands.
(4) Includes $46,993(000) for the Transition Quarter.

HOUSING ASSISTANCE PAYMENTS (SECTION 8)

I. PROGRAM SUMMARY

Under Section 8 of the Housing Act of 1937, as amended, the Department of Housing and Urban Development (HUD) provides federal funds to help lower income families obtain decent, safe, and sanitary rental housing. State and local governments typically establish Public Housing Agencies (PHAs) to engage in or to administer housing for low income persons. The Section 8 program, in general, allocates funds to PHAs that then make payments directly to the landlords of private rental housing on behalf of lower income tenants.

Federal funds are allocated to PHAs based on a fair share formula that determines relative needs for housing based on such factors as population, the number of persons with incomes below the federal poverty guidelines, housing vacancies, and the extent of overcrowded or substandard housing. The federal funds are capped and there are no matching requirements for funds from nonfederal sources. In FY 1985, about $6.8 billion in federal funds were used under the Section 8 program to subsidize about two million rental units housing about 5.2 million persons.

Eligibility is limited to lower income families. The law defines family as two or more related individuals, single persons who are at least age 62, and younger single persons who are disabled, handicapped, displaced by government action or natural disaster, or the remaining member of an eligible tenant family. Very low income is defined, in general, as gross cash income that does not exceed 50 percent of the median income for the area after adjustments for family size; on an exception basis, a few families may qualify with incomes up to 80 percent of the area median.

Benefits are generally provided through contracts with the owner of the rental units whereby HUD pays the difference between 30 percent of the tenant's adjusted income (which the tenant pays as rent) and the fair market rent (FMR) for the unit. In FY 1985, the average housing assistance payment was about $277 a month.

The Housing Voucher Program is the latest stage in the evolution of the Section 8 program design. First authorized in 1983, the voucher alternative is based on the findings of the Experimental Housing Allowance Program, the largest social experiment ever conducted by the federal government. The use of vouchers is currently on a demonstration basis only.

II. ADMINISTRATION

A. Program name: Housing Assistance Payments (Section 8).

B. Catalog of Federal Domestic Assistance No.: 14.156
Budget account number(s): 86-0139-0-1-604.

C. Current authorizing statute: U.S. Housing Act of 1937, as amended.

D. Location of program regulations in the Code of Federal Regulations: 24 CFR 880-882, 886, Notification of Fund Availability (51FR10932).

E. Federal administering agency: Department of Housing and Urban Development.

F. Primary grantee (if any) receiving program funds to provide benefits: Private nonprofit organizations; private for-profit organizations; Public Housing Agencies (PHAs).

G. Subgrantee (if any) receiving program funds to provide benefits: None.

H. Allocation of federal funds.

In general, funds are allocated directly to PHAs and project administrators based on the number of Section 8 units they have been allocated based on a "fair share" formula that takes into account relative housing needs in different areas of the country. Funds are adequate to cover the per unit subsidy costs in the jurisdiction. The funds are not capped and there are no matching requirements.

The Section 8 program has three major subcomponents:

EMV: Existing Certificates, Moderate Rehabilitation, and Vouchers.

The Section 8 Existing program provides subsidies to lower income families who lease privately-owned, rental housing. The subsidy makes up the difference between the rent charged by the owner (up to the fair market rent) and 30 percent of the family's income. In addition to subsidy costs, PHAs receive a fee for administering the program. Contracts are for a period of five years.

NC: New Construction and Substantial Rehabilitation.

Under the Section 8 New Construction/Substantial Rehabilitation program, private developers build or substantially rehabilitate units for occupancy by lower income tenants. HUD guarantees a subsidy payment to the owner for 20 years that makes up the difference between the fair market rent for the unit and 30 percent of the families' incomes.

LMSA: Loan Management Set Aside

The Section 8 Loan Management Set Aside program provides a Section 8 subsidy to owners of FHA-insured multifamily properties that are in financial distress. The subsidy is provided to maintain the project's financial viability and to ensure continued occupancy by lower income tenants. Subsidies are granted for three consecutive five-year periods.

I. Role of state and local governments in administering the program.

EMV: Public Housing Agencies (PHAs) are established by state and local governments to engage in or assist in the development or operation of housing for low income families and to administer this program on behalf of the federal government.

NC: States, local governments, and PHAs can serve as project owners or administrators.

J. Audit or quality control.

Sanctions are levied on those PHAs that have not followed the program rules. Sanctions range from withholding administrative fees to taking over the PHA's program.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The objective of the program is to provide lower income families with decent, safe, and sanitary housing that is affordable, through the construction or substantial rehabilitation of housing (NC only) and the provision of housing assistance payments.

B. Allocation of program funds among activities.

For the FY 1985 Section 8 program: 41 percent of the funds were used under the New Construction and Substantial Rehabilitation subcomponent; 49 percent for Existing Certificates, Moderate Rehabilitation, and Vouchers; 10 percent for Loan Management Set Aside.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Eligibility is limited to families. Families include single persons who are elderly, disabled, or handicapped, displaced persons, the remaining member of a tenant family, and other single persons in special circumstances as described in regulations.

B. Income eligibility standards.

Current income limits are set at 50 percent of the area median income with adjustments according to family size. The only variation permitted is based on date of initial occupancy: not more than 25 percent of the units available for occupancy before 1981 are available for families with incomes greater than 50 percent of the area median but below 80 percent of the area median; not more than five percent of the dwelling units available after 1981 shall be available for leasing by families with incomes between 50 and 80 percent of the area median income.

Earned income of family members under the age of 18 is disregarded for eligibility and benefits. Temporary, nonrecurring, or sporadic income is also disregarded. All income is recertified annually and benefits are redetermined. However, income eligibility is not subject to reexamination. For the purpose of determining adjusted income and tenant contribution toward rent, families may exclude child care expenses to the extent necessary to enable a member of the family to be employed.

EMV: Based on a 1979 survey of tenants living in Section 8 Existing Housing units, approximately 20 percent had some earned income. At that time, among households that received earned income, the average annual amount of household earnings was $5,329.

NC: Based on a 1979 survey of tenants living in Section 8 New Construction projects, approximately 14 percent had some earned income. At that time, among households that received earned income, the average annual amount of household earnings was $5,962.

Types of unearned income that are excluded include Food Stamps, payments received for the care of foster children, relocation payments under Uniform Relocation Assistance, interest from Indian trust lands, payments under the Alaska Native Claims Settlement Act, payments under the Domestic Volunteer Service Act, Low Income Home Energy Assistance Program payments, Job Training Partnership Act benefits, amounts that reimburse medical expenses including Medicaid, educational scholarships and veterans' benefits that cover tuition, fees, books, and equipment.

EMV: Based on a 1979 survey of tenants living in Section 8 Existing Housing units, approximately 41 percent had some unearned income. At that time, among households that received unearned income, the average annual amount of household income from that source was $2,714.

NC: Based on a 1979 survey of tenants living in Section 8 New Construction projects, approximately 19 percent had some unearned income (defined as AFDC, SSI, or General Assistance). At that time, among households that received unearned income, the average annual amount of household income from that source was $1,921.

While there are no limits on assets, if the assets are significant enough when made a part of annual income, they could make an applicant ineligible. For families with assets over $5,000, income from assets is calculated as the greater of the actual income derived from assets or the imputed value of the assets based on the current passbook savings rate. Families with assets less than $5,000 include only the actual income derived from the assets.

EMV: Based on a 1979 survey of tenants living in Section 8 Existing Housing units, approximately 16 percent had some income from assets. At that time, among households that received such income, the average annual amount of household income from assets was $569.

NC: Based on a 1979 survey of tenants living in Section 8 New Construction projects, approximately 55 percent had some income from assets. At that time, among households that received such income, the average annual amount of household income from assets was $636.

C. Other eligibility requirements.

For elderly projects, age is a criteria as well as ability to care for one's self. For handicapped group homes, disability is a criterion. In all cases, the family must be of an appropriate size so that the unit is not underoccupied or overcrowded.

Family members must be citizens or lawfully admitted resident aliens.

D. Other income a recipient unit is required or expected to spend to receive benefits.

A recipient unit is required to spend 30 percent of its adjusted gross income on rent to receive benefits.

V. BENEFITS AND SERVICES

A. Program intake processes.

EMV: All program intake is by voluntary application. This application is made to a local public housing agency (PHA) that administers the Section 8 program. The PHA is established at the local level -- usually by action of a city or county -- under state enabling legislation. Usually, the PHA is governed by commissioners appointed by the chief local elected official.

NC: The affirmative fair housing marketing plan requires advertising by the project sponsor. Most people know of projects through word of mouth or are referred to a project.

LMSA: Low income tenants are already in residence when subsidies under LMSA are provided.

B. Program benefits or services.

Section 8 makes payments on behalf of tenants for rent and utilities.

EMV: The PHA makes a monthly payment to the landlord on behalf of the tenant to cover the portion of the rent that is not paid by the tenant.

NC and LMSA: The tenant pays rent based solely upon adjusted income, not on the unit's fair market rent. HUD makes the assistance payment to the owner on the tenant's behalf for the difference between the unit rent and what the tenant pays.

Gross rent paid by the tenant is the highest of: (a) 30 percent of "adjusted" income; (b) 10 percent of gross income; (c) that portion of a family's welfare (AFDC or GA) payment, if any, designated for housing if the payment is adjusted according to the family's actual housing costs.

Gross income is adjusted by the following deductions: $480 per year for each household member (except the head or spouse) who is either under 18 years of age, 18 or more years old and disabled, or a full-time student; $400 per year for an elderly family, defined as a family whose head or spouse is a person 62 or more years old, disabled, or handicapped; medical expenses of an elderly family over three percent of gross income; handicapped assistance expenses; and amounts paid for child care to enable a family member to work or to further his or her education.

C. Duration of Benefits.

No information is available about average duration of participation.

EMV: Section 8 Annual Contributions Contracts (ACC) between HUD and the PHAs are for five years. Initial lease and Housing Assistance Payments contract terms are one year.

NC: Contracts between the owner and HUD are for twenty years.

LMSA: Contracts between the owner and HUD are for up to 15 years.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

None.

B. Counting assistance from other programs.

Tenants have their incomes recertified at least annually. Increases in cash welfare payments are added fully to income used to determine rent except as indicated above. Non-cash benefits are not counted as income.

C. Overlapping authorities and benefits.

Other federally assisted housing programs provide similar benefits to tenants. However, a family can be assisted in only one unit at a time.

The Low Income Home Energy Assistance Program (LIHEAP) provides assistance for payment of the cost of utilities. Where LIHEAP is received by Section 8 tenants, they pay less than 30 percent of other countable income for rent and utilities.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Banking, Housing and Urban Affairs
    Subcommittee on Housing and Urban Affairs

House of Representatives

Committee on Banking, Finance and Urban Affairs
    Subcommittee on Housing and Community Development

B. Appropriating subcommittees.

Senate

Subcommittee on HUD - Independent Agencies

House of Representatives

Subcommittee on HUD - Independent Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

House of Representatives

Select Committee on Aging
    Subcommittee on Housing and Consumer Interest

D. Federal legislation.

1974 PROGRAM AUTHORIZATION - Authorized Section 8 program in the Housing and Community Development Act. Income limits were set at 80 percent of the area median. At least 30 percent of project occupants were to be very low income (under 50 percent of median).

1978 - Moderate Rehabilitation was added to "plug the gap" between existing Housing and Substantial Rehabilitation.

HCD AMENDMENTS OF 1981 - Revised tenant contribution requirements established and a schedule for tenant recertification that was consistent for Public Housing, Section 8, Section 236, and Rent Supplement programs.

Eligibility was limited to families who are lower-income families at the time of initial occupancy (those families whose incomes do not exceed 80 percent of median). For Section 8 units available for occupancy before October 1, 1981, and leased on or after that date, only 10 percent could be leased to families with incomes above 50 percent of median. The Housing and Urban-Rural Recovery Act of 1983 changed this to 25 percent. For units available on or after October 1, 1981, no more than 5 percent could be leased by families with incomes above 50 percent of median.

Single room occupancy was permitted under the Section 8 moderate rehabilitation or substantial rehabilitation programs if there is a significant demand and the local government and the local PHA approve the use of such units. HUD was prohibited from making financial assistance available for the benefit of ineligible aliens.

HOUSING AND URBAN-RURAL RECOVERY ACT OF 1983 - Allowed an increase in the Single Person Occupancy (SPO) Limitation to not more than 30 percent if the Secretary determines that the units involved are neither occupied nor likely to be occupied within the next 12 months, and that such dwelling units may be occupied if made available to single persons.

Gave priority for assistance to persons paying more than 50 percent of income for rent.

Required annual reviews of family income. Adjusted income defined as income which remains after excluding: $480 for each dependent, $400 for any elderly family medical expenses in excess of 3 percent of annual income for any elderly family, and child care expenses to enable employment or to further education.

Section 8 New Construction and Substantial Rehabilitation authority was repealed by HURRA, except authority for use in conjunction with Section 202.

E. Major federal implementing regulations and regulatory changes.

Changed Tenant Contribution from 25 percent to 30 percent of adjusted income; restricted the number of families participating in the program whose annual incomes are between 50 percent and 80 percent of area median income; and made the revised income eligibility and rent computation requirements applicable to Public Housing as well as Section 8. (May 1984)

Interim rule permitting targeting to eligible families living in: (1) a property to be rehabilitated under the Rental Rehabilitation Program; (2) a HUD-owned multifamily project that the Department decides to sell or vacate; (3) a multifamily project with a HUD-held mortgage purchased at foreclosure by a party other than HUD; (4) a unit covered by a Section 8 contract when the owner elects not to renew. (August 1984)

Proposed rule to allow preference in the provision of housing for families who are occupying substandard housing, are involuntarily displaced, or are paying more than 50 percent of income for rent. (September 1984)

EMV: Proposed rule to establish procedures to allow Section 8 certificate holders to move freely from one PHA's jurisdiction to another. (October 1984)

Provided for Shared Housing and revised occupancy policies in the Section 8 and Public Housing programs. (December 1984)

Restricted use of Assisted housing for aliens. (April 1986)

F. Innovative practices at the federal, state, or local levels to achieve the program's objectives.

The housing voucher program was modeled after its predecessor, the Section 8 Existing Housing Certificate program. However, the voucher program offers families more freedom of choice in making housing decisions. First, by eliminating the ceiling on rents, it permits families to choose their housing from a wider variety of units. This also makes it possible for more families to rent in place, since families who place a high value on housing and live in units renting for more than the FMR cannot receive Section 8 Existing assistance without moving.

Vouchers offer families a broader choice of places to live because they are portable. Voucher holders may use their subsidy in an acceptable unit within the jurisdiction of any PHA that administers the voucher program without having to re-apply for the program.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (In thousands) (1)
14.156 HOUSING ASSISTANCE PAYMENTS (SECTION 8)

		Total	(2)
United States		$6,818,056	(3)
Alabama		$83,357	
Alaska		$15,881	
Arizona		$57,015	
Arkansas		$56,008	
California		$749,580	
Colorado		$79,902	
Connecticut		$119,697	
Delaware		$24,157	
D. C.		$52,200	
Florida		$225,088	
Georgia		$123,637	
Hawaii		$31,536	
Idaho		$19,662	
Illinois		$358,428	
Indiana		$121,666	
Iowa		$62,186	
Kansas		$38,481	
Kentucky		$117,759	
Louisiana		$93,695	
Maine		$42,076	
Maryland		$136,344	
Massachusetts		$314,703	
Michigan		$200,000	
Minnesota		$144,250	
Mississippi		$74,222	
Missouri		$126,096	
Montana		$17,689	
Nebraska		$31,297	
Nevada		$21,784	
New Hampshire		$29,157	
New Jersey		$392,434	
New Mexico		$30,881	
New York		$709,244	
N. Carolina		$142,229	
N. Dakota		$21,366	
Ohio		$335,251	
Oklahoma		$63,408	
Oregon		$61,651	
Pennsylvania		$289,362	
Rhode Island		$59,550	
S. Carolina		$77,738	
S. Dakota		$26,500	
Tennessee		$126,520	
Texas		$308,209	
Utah		$19,889	
Vermont		$17,401	
Virginia		$136,422	
Washington		$77,081	
W. Virginia		$59,389	
Wisconsin		$114,923	
Wyoming		$11,333	
Guam		$7,506	
Puerto Rico		$79,343	
Virgin Islands		$12,470	

Data Sources: HUD Housing Budget Information.

(1) Other federal outlays for federal administration chargeable to this program but not this budget account for FY 85 were $14,689(000).
(2) Spending under the Section 8 Assistance Payments Program, including all subparts.
(3) The total is greater than the sum of state outlays because of payments to other territories not listed.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (In thousands) (1)
14.156 HOUSING ASSISTANCE PAYMENTS PROGRAM (SECTION 8)

		Total	(2)
United States		$6,030,132	(3)
Alabama		$75,756	
Alaska		$13,490	
Arizona		$48,400	
Arkansas		$47,893	
California		$642,074	
Colorado		$72,406	
Connecticut		$103,464	
Delaware		$23,783	
D. C.		$42,758	
Florida		$190,341	
Georgia		$112,188	
Hawaii		$28,152	
Idaho		$17,663	
Illinois		$309,509	
Indiana		$121,351	
Iowa		$54,979	
Kansas		$36,304	
Kentucky		$105,790	
Louisiana		$75,965	
Maine		$43,555	
Maryland		$130,288	
Massachusetts		$276,055	
Michigan		$183,102	
Minnesota		$118,229	
Mississippi		$67,645	
Missouri		$112,575	
Montana		$13,832	
Nebraska		$28,135	
Nevada		$18,547	
New Hampshire		$28,496	
New Jersey		$268,108	
New Mexico		$24,751	
New York		$658,857	
N. Carolina		$125,017	
N. Dakota		$19,162	
Ohio		$303,902	
Oklahoma		$53,008	
Oregon		$56,628	
Pennsylvania		$276,301	
Rhode Island		$61,750	
S. Carolina		$69,291	
S. Dakota		$22,008	
Tennessee		$111,855	
Texas		$263,388	
Utah		$16,585	
Vermont		$18,764	
Virginia		$125,024	
Washington		$63,950	
W. Virginia		$51,660	
Wisconsin		$103,466	
Wyoming		$7,821	
Guam		$4,990	
Puerto Rico		$112,584	
Virgin Islands		$10,628	

Data Sources: HUD Housing Budget Information.

(1) Other federal outlays for federal administration chargeable to this program but not this budget account for FY 84 were $16,115(000).
(2) Spending under the Section 8 Assistance Payments Program, including all subparts.
(3) The total is greater than the sum of state outlays because of payments to other territories not listed.

IX. A. FY 85 RECIPIENT CHARACTERISTICS
14.156 HOUSING ASSISTANCE PAYMENTS (SECTION 8)

	Units Served	(1)	Elderly	(2)
United States	2,047,282		808,759	
Alabama	27,688		7,890	
Alaska	2,828		560	
Arizona	17,291		7,213	
Arkansas	20,746		8,057	
California	228,439		92,891	
Colorado	23,128		11,044	
Connecticut	35,333		15,441	
Delaware	6,690		2,372	
D. C.	11,037		3,294	
Florida	73,028		25,835	
Georgia	46,276		13,127	
Hawaii	8,852		2,338	
Idaho	6,804		2,646	
Illinois	74,106		29,465	
Indiana	47,336		16,614	
Iowa	23,095		11,516	
Kansas	14,070		7,720	
Kentucky	35,887		13,110	
Louisiana	28,293		9,740	
Maine	14,110		7,743	
Maryland	40,293		13,573	
Massachusetts	81,306		36,922	
Michigan	66,040		30,844	
Minnesota	43,862		21,141	
Mississippi	23,794		5,843	
Missouri	44,121		18,030	
Montana	5,984		3,221	
Nebraska	12,727		6,251	
Nevada	6,407		2,059	
New Hampshire	9,224		5,788	
New Jersey	71,034		31,799	
New Mexico	11,715		2,817	
New York	187,820		72,019	
N. Carolina	49,455		16,246	
N. Dakota	7,354		3,529	
Ohio	112,295		43,164	
Oklahoma	23,723		7,852	
Oregon	24,956		11,733	
Pennsylvania	91,607		41,454	
Rhode Island	19,028		11,949	
S. Carolina	24,894		5,420	
S. Dakota	8,501		3,902	
Tennessee	42,255		15,871	
Texas	107,012		27,622	
Utah	7,156		2,938	
Vermont	5,124		2,622	
Virginia	42,548		12,417	
Washington	29,201		14,632	
W. Virginia	17,881		7,945	
Wisconsin	43,825		24,722	
Wyoming	2,639		1,364	
Guam	1,685		70	
Puerto Rico	34,591		4,668	
Virgin Islands	1,472		60	

Data Sources: Section 8 Management Information System.

(1) Total units are overstated by approximately 50,000 units. This results from double-counting of Section 8 Moderate Rehab units. Total exceeds sum of states because of units located in other territories.
(2) These figures represent elderly and handicapped/disabled units. Elderly is defined as 62 years of age or older.

IX. B. FY 84 RECIPIENT CHARACTERISTICS
14.156 HOUSING ASSISTANCE PAYMENTS (SECTION 8)

	Units Served	(1)	Elderly	(2)
United States	1,882,680		766,697	
Alabama	24,625		7,285	
Alaska	2,644		520	
Arizona	15,690		6,767	
Arkansas	19,447		7,769	
California	210,524		86,441	
Colorado	22,002		10,636	
Connecticut	32,086		14,438	
Delaware	6,137		2,312	
D. C.	10,209		3,221	
Florida	66,798		25,126	
Georgia	42,921		12,519	
Hawaii	8,380		2,292	
Idaho	6,327		2,591	
Illinois	70,604		28,688	
Indiana	44,906		16,317	
Iowa	20,510		10,821	
Kansas	13,505		7,534	
Kentucky	33,664		12,743	
Louisiana	26,733		9,392	
Maine	12,147		7,587	
Maryland	38,061		13,132	
Massachusetts	76,919		35,674	
Michigan	62,812		29,795	
Minnesota	41,561		20,671	
Mississippi	22,542		5,723	
Missouri	41,540		17,812	
Montana	5,662		3,051	
Nebraska	11,616		6,115	
Nevada	6,025		2,010	
New Hampshire	8,593		5,684	
New Jersey	65,693		30,909	
New Mexico	10,700		2,753	
New York	169,832		68,376	
N. Carolina	43,993		15,474	
N. Dakota	6,952		3,504	
Ohio	100,331		39,876	
Oklahoma	22,235		7,726	
Oregon	22,622		11,213	
Pennsylvania	83,659		40,379	
Rhode Island	17,567		11,465	
S. Carolina	22,068		5,225	
S. Dakota	7,694		3,800	
Tennessee	39,100		15,520	
Texas	97,138		26,360	
Utah	6,283		2,873	
Vermont	4,611		2,479	
Virginia	38,958		11,832	
Washington	26,545		14,069	
W. Virginia	11,973		6,213	
Wisconsin	41,706		24,316	
Wyoming	2,486		1,321	
Guam	1,559		70	
Puerto Rico	31,917		4,225	
Virgin Islands	1,130		17	

Data Sources: Section 8 Management Information System.

(1) Total exceeds sum of states because of units located in other territories. The total does not match Table XI Historical Data due to undercounting of Moderate Rehab. units.
(2) These figures represent elderly and handicapped/disabled units. Elderly is defined as 62 years of age or older.

X. A. MEAN FY 85 COSTS PER UNIT SERVED (1)
14.156 HOUSING ASSISTANCE PAYMENTS (SECTION 8)

	Total
United States	$3,330
Alabama	$3,011
Alaska	$5,616
Arizona	$3,297
Arkansas	$2,700
California	$3,281
Colorado	$3,455
Connecticut	$3,388
Delaware	$3,611
D. C.	$4,730
Florida	$3,082
Georgia	$2,672
Hawaii	$3,563
Idaho	$2,890
Illinois	$4,837
Indiana	$2,570
Iowa	$2,693
Kansas	$2,735
Kentucky	$3,281
Louisiana	$3,312
Maine	$2,982
Maryland	$3,384
Massachusetts	$3,871
Michigan	$3,028
Minnesota	$3,289
Mississippi	$3,119
Missouri	$2,858
Montana	$2,956
Nebraska	$2,459
Nevada	$3,400
New Hampshire	$3,161
New Jersey	$5,525
New Mexico	$2,636
New York	$3,776
N. Carolina	$2,876
N. Dakota	$2,905
Ohio	$2,985
Oklahoma	$2,673
Oregon	$2,470
Pennsylvania	$3,159
Rhode Island	$3,130
S. Carolina	$3,123
S. Dakota	$3,117
Tennessee	$2,994
Texas	$2,880
Utah	$2,779
Vermont	$3,396
Virginia	$3,206
Washington	$2,640
W. Virginia	$3,321
Wisconsin	$2,622
Wyoming	$4,294
Guam	$4,455
Puerto Rico	$2,294
Virgin Islands	$8,471

(1) Mean unit costs were calculated by dividing the benefits on Table VIII.A. by the units served on Table IX.A.

X. B. MEAN FY 84 COST PER UNIT SERVED (1)
14.156 HOUSING ASSISTANCE PAYMENTS PROGRAM (SECTION 8)

	Total
United States	$3,203
Alabama	$3,076
Alaska	$5,102
Arizona	$3,085
Arkansas	$2,463
California	$3,050
Colorado	$3,291
Connecticut	$3,225
Delaware	$3,875
D. C.	$4,188
Florida	$2,850
Georgia	$2,614
Hawaii	$3,359
Idaho	$2,792
Illinois	$4,384
Indiana	$2,702
Iowa	$2,681
Kansas	$2,688
Kentucky	$3,143
Louisiana	$2,842
Maine	$3,586
Maryland	$3,423
Massachusetts	$3,589
Michigan	$2,915
Minnesota	$2,845
Mississippi	$3,001
Missouri	$2,710
Montana	$2,443
Nebraska	$2,422
Nevada	$3,078
New Hampshire	$3,083
New Jersey	$4,081
New Mexico	$2,313
New York	$3,879
N. Carolina	$2,842
N. Dakota	$2,756
Ohio	$3,029
Oklahoma	$2,384
Oregon	$2,503
Pennsylvania	$3,303
Rhode Island	$3,515
S. Carolina	$3,140
S. Dakota	$2,860
Tennessee	$2,861
Texas	$2,711
Utah	$2,640
Vermont	$4,069
Virginia	$3,209
Washington	$2,409
W. Virginia	$4,315
Wisconsin	$2,481
Wyoming	$3,146
Guam	$3,201
Puerto Rico	$3,527
Virgin Islands	$9,405

(1) Mean unit costs were calculated by dividing the benefits on Table VIII.B. by the units served on Table IX.B.

XI. HISTORICAL DATA (in thousands)
14.156 HOUSING ASSISTANCE PAYMENTS (SECTION 8)

Federal Fiscal Year	Total Federal Spending	(1)	Units Served	(2)	Persons Served	(2)	Federal Staff	(3)
1985	$6,883,714		2,010		5,227	(4)	378	
1984	$6,139,783		1,910		4,966		430	
1983	$5,182,043		1,750		4,550		589	
1982	$4,365,004		1,527		3,969		747	
1981	$3,392,836		1,319		3,429		774	
1980	$2,735,417		1,153		2,999		371	
1979	$1,636,556		898		2,336		360	
1978	$1,099,817		691		1,796		337	
1977	$618,370		453		1,178		420	
1976	$338,640		273		710		389	
1975	$174,745						1	
1974	$137,383							
1973	$106,545							
1972	$74,513							
1971	$42,294							
1970	$18,728							
1969	$4,804							
1968	$1,039							
1967								
1966								
1965								
1964								
1963								
1962								
1961								
1960								

Data Sources: HUD Housing Budget Information

(1) Spending includes Section 8 and Rent Supplements programs, as in Appendix to Volume 1. Table XII displays only Rent Supplement spending.
(2) Based on unduplicated annual count, not including Rent Supplements.
(3) Based on full-time employees. Not in thousands.
(4) All years estimated based on most recent average number of persons per unit.

XII. HISTORICAL DATA (Dollars in thousands)
14.149 HOUSING ASSISTANCE PAYMENTS (RENT SUPPLEMENTS) (1)

Federal Fiscal Year	Total Federal Spending (2)	Units Served	Federal Staff (3)
1985	$65,658	45,611	10
1984	$109,651	55,606	10
1983	$187,360	76,919	10
1982	$279,600	153,355	20
1981	$277,866	157,779	20
1980	$271,197	164,992	20
1979	$265,147	178,891	20
1978	$252,696	171,598	20
1977	$251,180	179,908	20
1976	$263,689	177,645	20
1975	$174,745	165,326	20
1974	$137,383	147,847	20
1973	$106,545	118,184	15
1972	$74,513	92,070	10
1971	$42,294	57,786	10
1970	$18,728	30,804	10
1969	$4,804	12,299	10
1968	$1,039	2,731	10
1967		930	10
1966			
1965			
1964			
1963			
1962			
1961			
1960			

Data Sources: HUD Housing Budget Information

(1) The Rent Supplement Program is gradually being incorporated into the Section 8 program.
(2) Spending also included on Table XI. for Section 8.
(3) Estimated FTEs.

PUBLIC AND INDIAN HOUSING

I. PROGRAM SUMMARY

Under the Housing Act of 1937, as amended, the Public and Indian Housing program provides and operates decent, safe, and sanitary dwellings for families of low and very low income through an authorized Public Housing Agency (PHA) or Indian Housing Authority (IHA). The PHAs are created through state enabling legislation, and PHA Commissioners, who set policy, are generally appointed by city mayors; the involvement of state and local governments in the program is otherwise minimal. There are currently 3,184 PHAs. The IHAs are created by Indian tribal organizations.

When the program was created in 1937, the federal government extended its credit on behalf of PHAs in the form of guarantees on the timely payment of principal and interest on debt obligations issued by PHAs. A second form of federal payment was added when PHAs could not cover their operating costs out of operating receipts. Then, as the stock of public housing aged and the need for major improvements became critical, a third form of federal payment for modernization was added.

In FY 1985, the program provided housing to some 3.9 million persons in about 1.3 million dwellings at a total federal cost of about $3.4 billion. These federal funds are not paid to tenants, but to the PHAs and IHAs to pay the difference between the total rents collected and the amount considered reasonable for running the housing authority. The program is fully funded by the federal government.

Public and Indian Housing may be rented only to low income families who must pay up to 30 percent of their incomes as rent. Families include single persons who are elderly, disabled, displaced, and others under special circumstances. Low income is defined as household income that does not exceed 80 percent of the area median and, in most cases, cannot exceed 50 percent of the area median. The amount of income paid for rent is determined after adjustments for family size and deductions, for example, for medical expenses and work or education related child care expenses. In FY 1985, the average subsidy was about $215 per month.

II. ADMINISTRATION

A. Program name: Public and Indian Housing.

B. Catalog of Federal Domestic Assistance No.: 14.850, 14.851, 14.852.

Budget account number(s): 86-0163-0-1-604 and
86-0164-0-1-604.

C. Current authorizing statute: U.S. Housing Act of 1937, as amended.

D. Location of program regulations in the Code of Federal Regulations: 24 CFR Part 900.

E. Federal administering agency: Department of Housing and Urban Development.

F. Primary grantee (if any) receiving program funds to provide benefits: Public Housing Agencies and Indian Housing Authorities.

G. Subgrantee (if any) receiving program funds to provide benefits: Not applicable.

H. Allocation of federal funds.

Federal funds are allocated to grantees for:

(1) capital spending, including both new development and modernization (rehabilitation) of existing units; and

(2) operating subsidies.

Public housing agencies apply for funds in the first category. Awards are made on a competitive basis within the available appropriation.

Operating subsidies are distributed by a formula (Performance Funding System), which is based on the cost of operating well-managed properties of comparable location and characteristics.

There are no matching requirements attached to the receipt of either category of funds.

I. Role of state and local governments in administering the program.

Public Housing Agencies (PHAs) are created through state enabling legislation. Beyond that singular legal tie, there is minimal or no state involvement. Local governments provide municipal services pursuant to a Cooperation Agreement between the city and the PHA; the PHA renders a payment in lieu of taxes instead of the prevailing residential property tax. The Board of Commissioners that sets policy for the PHA is generally appointed by the Mayor. Other than these legal connections, there is commonly little direct local government involvement in the administration of the PHA. In a small number of locations, the PHA is a city department or is otherwise a part of the city administration.

Indian Housing Authorities are created by tribal government resolution (on reservations) or state enabling legislation. Tribal governments generally have direct involvement in program administration.

J. Audit or quality control.

The Total Development Cost (TDC) "cap" and cost containment are policies promulgated essentially to preclude expenditures for unnecessary and luxury items in the development of public housing.

HUD conducts occupancy audits, management reviews, and engineering reviews of PHAs in an attempt to assure acceptable performance. The Public and Indian Housing (PIH) program has established thresholds for troubled housing authorities -- administratively troubled PHAs and financially troubled PHAs. PIH assists troubled authorities in identifying areas for which technical assistance is required to develop a work out plan.

Occupancy Audit. The purpose of the Occupancy Audit is to monitor PHA compliance with HUD requirements pertaining to tenant selection and assignment, tenant rents, and conditions of continued occupancy. The frequency of Occupancy Audits depends upon the size of the PHA and the extent of occupancy problems which have surfaced since the prior audit. Currently, the average interval, nationwide, is between three and four years.

Management Reviews. The purpose of the management review is to conduct an on-site assessment of problem areas in the PHA's operation that fall within the functional area of management. The Management Review is designed to:

- Assess problem areas in depth;
- Verify compliance and performance for accountability purposes;
- Provide technical assistance by the HUD Field Offices.

If, during an Annual Performance Review, the PHA should fail any one of the Gross Indicators relative to its management operations, a Management Review is scheduled within four years of the identification of the problem(s), and ideally within one year. However, if a PHA, because of its Annual Performance Review, appears to be performing satisfactorily, a limited review shall be performed at least every eight years. During the review process, any violation of the following is considered a finding and must be resolved by the PHA:

- Statute;
- Regulation;
- The Annual Contributions Contract (ACC);
- HUD Handbook requirements;
- Other administrative requirements as HUD may issue.

Engineering Reviews. These reviews are conducted to evaluate the physical condition of a sample of the PHA's projects to determine if the PHA is maintaining the projects in good repair, order, and condition as required by Section 209 of the ACC. For sample projects, the condition of the buildings and grounds is checked as observed by the public and by touring the entire project to gain a general impression of the quality of maintenance and care and up keep. The outward appearance of a project is an important factor in evaluating conditions and is the yardstick by which performance of management is measured by the general public and by the surrounding community.

If the Annual Performance Review of the PHA indicates no apparent physical problems at the PHA's projects, the Maintenance Engineer inspects a sample of the PHA's projects once every four years. If the Annual Performance Review of the PHA indicates that the PHA fails any one of the Gross Indicators relative to the physical condition of its projects, the Maintenance Engineer inspects a sample of the PHA's projects ideally within one year from identification of the problem, but not more than four years from the identification of the problem.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The objective of the program is to assist the states and their subdivisions to provide safe and sanitary housing conditions for lower income families.

Preference is to be given to families which occupy substandard housing or are involuntarily displaced at the time they are seeking assistance or are paying more than 50 percent of family income for rent. Within a reasonable period of time, the public housing project is to include families with a broad range of incomes and to avoid concentrations of lower income and deprived families with serious social problems.

B. Allocation of program funds among various activities.

Development and Modernization funding is provided in response to applications from Public Housing Agencies and Indian Housing Authorities. Operating subsidies are provided under a formula based on the cost of operating comparable, well-managed projects.

Historically, funds for the development of public housing have been allocated on a "fair share" basis pursuant to Section 213(d) of the Housing and Community Development Act of 1974. The "fair share" formula considers the fair share needs of different areas as reflected in data on population, housing overcrowding, housing vacancies, amount of substandard housing, and housing or other objectively measurable conditions. However, in recent years, the Congress has exempted the Department from applying Section 213 to the allocation of public housing development funds.

A separate discretionary modernization program provides funding to Public Housing Agencies (PHAs) for major repairs, replacements, and capital improvements. Each PHA applying for funding must submit a comprehensive assessment of physical and management improvements that are required and submit a plan and schedule for making the improvements over a period not to exceed five years. Funding is provided to PHAs in response to these applications within the total amount of funding appropriated to the Department.

The Performance Funding System (PFS) is the basis for determining the level of operating subsidies for PHAs that are not able to cover all operating costs through rents charged to tenants. The calculated subsidy amount under PFS is simply the difference between the estimate of operating costs minus an estimate of income from rents and other sources. The determinant of the allowable operating costs for each PHA was initially established on the basis of the past costs of a group of PHAs that were considered well managed. The estimate of operating costs in each year is the allowable expense level in the previous year plus an allowance for inflation, a small adjustment for changes in operating conditions and an estimate of the cost of a determined level of utilities. Utility expenses are estimated separately under rules that set consumption at the average of a prior three year period. HUD reimburses PHAs for increased costs associated with changes in utility rates and shares in cost increases and savings due to changes in consumption.

The amounts for development, and modernization and operating subsidies are established separately by the Congress.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Dwelling units are rented only to families. HUD does not prescribe a general definition of family; this is the responsibility of the PHA. Typically, PHAs include families consisting of two or more persons related by blood, marriage, or operation of law, and other persons who reside in the household. A family may consist of a single person who is elderly, disabled, handicapped, displaced, or the remaining member of a tenant family. It also may include two or more elderly, handicapped, or disabled persons living together or one or more elderly persons living with another person or persons essential for their care and well-being.

B. Income eligibility standards.

Income may not exceed 80 percent of the area median, with adjustments for family size. The Secretary may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low family incomes.

Not more than 25 percent of the units available for occupancy before 1981 are available for lower income families (income not greater than 80 percent of median) other than very low income families (income not greater than 50 percent of median).

Not more than five percent of dwelling units available after 1981 shall be available for leasing by lower income families who are not very low income families.

All income is recertified annually and benefits are redetermined. However, income eligibility is not subject to reexamination.

For the purpose of determining adjusted income and tenant contribution toward rent, families may exclude child care expenses to the extent necessary to enable another member of the family to be employed. The amount may not exceed the amount earned by the family member or members whose employment depends on the child care and the amount must be "reasonable."

For family members under the age of 18, earned income is disregarded for eligibility and benefits.

Based on a 1979 survey of public housing tenants, approximately 28 percent of all households living in public housing had some earned income. At that time, the average annual amount of household income among households that had such income was $7,717. According to the 1979 public housing tenant survey data, 52 percent of the households living in public housing received unearned income from such sources as AFDC and SSI. At that time, the average amount of household unearned income was $2,842.

Types of unearned income that are excluded include Food Stamps, payments received for the care of foster children, relocation payments under Uniform Relocation Assistance, interest in Indian Trust lands, payments under the Alaska Native Claims Settlement Act, payments under the Domestic Volunteer Service Act, Low Income Energy Assistance Program payments, Job Training Partnership Act benefits, amounts that reimburse medical expenses including Medicaid, educational scholarships and veterans' benefits that cover tuition, fees, books, and equipment. Except for the items indicated above, unearned income is counted fully for eligibility and benefits.

The limit on assets is the greater of $5,000 or the result when countable income is subtracted from the income limit and the remainder is divided by .055. This represents the maximum amount of assets that a participant may have if the participant has no other income. The amount of the participant's assets is usually lower because of the effect of the income from the assets.

According to the 1979 public housing tenant survey data, 8 percent of the households living in public housing received income from assets. At that time, the average annual amount of asset income was $285.

C. Other eligibility requirements.

To participate in the program, the applicant must possess the ability to regularly pay the rent and not to constitute a threat or danger to the safe and peaceful enjoyment by others of their homes.

Current regulations require PHAs to give a priority to persons who are 62 years old or older, disabled, handicapped, or displaced over other single persons. In addition, PHAs often must adopt preferences based on income to meet the income range objectives required.

D. Other income a recipient unit is required or expected to spend to receive benefits.

To receive benefits a recipient unit is required to spend thirty percent of income after deductions.

V. BENEFITS AND SERVICES

A. Program intake processes.

All program intake is by voluntary application. This application is made to a local Public Housing Agency (PHA). The PHA is established at the local level -- usually by action of a city or county -- under state enabling legislation. Usually, the PHA is governed by commissioners appointed by the chief local elected official.

There are about 3,184 PHAs. They do not usually operate other programs beside the HUD programs, although they may be part of organizations which do, e.g., a municipal department of housing and community development. Usually they are creations of municipal governments (although they may be creations of state or county governments) formed under state enabling legislation. That legislation conveys rights and responsibilities necessary to create a PHA which can enter into and fulfill an Annual Contributions Contract with HUD.

B. Program benefits or services.

The benefit conferred by admission to the program is the right of the family to occupy a dwelling unit at reduced rent.

Gross rent paid by the tenant is the highest of: (a) 30 percent of "adjusted" income; (b) 10 percent of gross income; (c) that portion of a family's welfare (AFDC or GA) payment, if any, designated for housing if the payment is adjusted according to the family's actual housing costs.

For the purpose of calculating gross rent, gross income is adjusted by the following deductions: $480 per year for each household member (except the head or spouse) who is either under 18 years of age, 18 or more years old and disabled, or a full-time student; $400 per year for an elderly family, defined as a family whose head or spouse is a person 62 or more years old, disabled, or handicapped; medical expenses of an elderly family over three percent of gross income; handicapped assistance expenses; and amounts paid for child care to enable a family member to work or to further his or her education.

C. Duration of benefits.

No information is available.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

Participation in other rental assistance housing programs automatically precludes participation in this program.

B. Counting assistance from other programs.

Cash welfare benefits are counted as income. The value of non-cash benefits is not.

C. Overlapping authorities and benefits.

All the deep subsidy housing programs, i.e., Rental Assistance Program, Public Housing, Section 8, Rent Supplements, and others are available to provide benefits, although the family can only live in one assisted unit at a time.

The Low Income Home Energy Assistance Program also provides assistance with home energy costs. Where LIHEAP is received by a Public Housing tenant, less than 30 percent of countable income goes for rent and utilities.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Banking, Housing and Urban Affairs
    Subcommittee on Housing and Urban Affairs

House of Representatives

Committee on Banking, Finance and Urban Affairs
    Subcommittee on Housing and Community Development

B. Appropriating subcommittees.

Senate

Subcommittee on HUD - Independent Agencies

House of Representatives

Subcommittee on HUD - Independent Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

Senate

Select Committee on Indian Affairs

House of Representatives

Select Committee on Aging
    Subcommittee on Housing and Consumer Interest

Government Operations Committee
    Subcommittee on Employment and Housing

D. Federal legislation.

Prior to the Great Depression, the federal government did not provide significant support for housing. The National Industrial Recovery Act of 1933 authorized federal funds for low-rent housing and slum clearance. As a result, 50 low-rent developments with more than 21,000 units were built by the Public Works Administration in 37 cities, and 15,000 units were provided by the Resettlement Administration.

The United States Housing Act of 1937, Pub. L. 412, authorized federal funds for the development and maintenance of rental units for low income tenants by local housings authorities (LHAs). Municipalities were required to provide the equivalent of 20 percent of the federal contribution and to eliminate unsafe and unsanitary dwelling units in the locality equivalent to the number of new dwelling units constructed with federal assistance.

The Housing Act of 1961 (Pub. L. 87-70) required LHAs to adopt regulations establishing their policies for admission and permitted over-income tenants to remain in public housing under certain conditions when it was determined by the LHA that the tenants were unable to find other decent, safe, and sanitary housing within their financial means. The age at which individuals could qualify as elderly was lowered, and the age limit for qualifying as elderly by reason of disability was eliminated.

The Housing Act of 1964 permitted admission of single low income persons who were displaced by urban renewal or who were handicapped. The requirement for a 20 percent local contribution was eliminated.

The Housing and Urban Development Act of 1969 included the first of the "Brooke Amendments" limiting tenant rent payments to no more than 25 percent of countable income.

The Housing and Urban Development Act of 1970 provided that annual contributions to PHAs could be amended to assure the low-rent character of public housing projects and to achieve and maintain adequate operating and maintenance services and reserve funds.

The Housing and Community Development Act of 1974 defined the term Public Housing Agency to include agencies involved in the Public Housing Program and the new Section 8 Housing Assistance Payments Program. Operating subsidies were authorized separately, and a process for future determination of the need for operating subsidies was laid out.

The Omnibus Budget Reconciliation Act of 1981 increased maximum tenant contributions for very low income tenants from 25 percent to 30 percent of income. For current tenants, the new limits were to be phased in over five years. To target aid better, a requirement was created that at least 75 percent of tenants in older projects, and 95 percent of tenants in projects built after 1981, were to have incomes under 50 percent of the area median.

E. Major federal implementing regulations and regulatory changes.

Regulations have implemented legislative changes.

F. Innovative practices at the federal, state, or local levels to achieve the program's objectives.

Project Self-Sufficiency

HUD is operating a demonstration called Project Self-Sufficiency (PS-S) which is designed to help single-parent families become economically independent. PS-S is operating in 155 communities in 37 states. Families living in public housing, and families eligible for or receiving assistance under the Section 8 Existing program, are eligible to participate. PS-S, using housing assistance as an incentive both to very low income single parents and to local governments, provides a coordinated program of child care, education, counseling, job training, and employment.

Tenant Management

The Department is supporting efforts to implement tenant management of public housing. Under certain circumstances, and given proper training, tenants have shown they can improve the management of public housing projects under contract to the public housing authority. At many of the current tenant management sites, rent collections are up, operating costs are down, and maintenance productivity has increased. The appearance of many of the properties has improved because of better maintenance and because of the response of the tenants to these improvements. Tenant management can increase satisfaction by providing residents not just a better living environment, but greater control over their lives. In recognition of these accomplishments, HUD recently published regulations to encourage the formation of tenant organizations and tenant management corporations. The regulations also provide incentives for good management by allowing the tenant management corporations to retain any operating cost savings and to use them to further improve management, maintenance, or service delivery.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (in thousands)
14.850, 14.851, 14.852 PUBLIC AND INDIAN HOUSING

		Total	(1)
United States		$3,408,657	
Alabama		$91,312	
Alaska		$30,212	
Arizona		$45,697	
Arkansas		$28,624	
California		$107,787	
Colorado		$20,462	
Connecticut		$60,119	
Delaware		$10,269	
D. C.		$51,759	
Florida		$94,367	
Georgia		$105,180	
Hawaii		$14,389	
Idaho		$2,938	
Illinois		$221,860	
Indiana		$47,969	
Iowa		$9,346	
Kansas		$23,778	
Kentucky		$56,763	
Louisiana		$65,954	
Maine		$11,794	
Maryland		$77,917	
Massachusetts		$107,062	
Michigan		$63,793	
Minnesota		$52,424	
Mississippi		$25,408	
Missouri		$58,055	
Montana		$17,502	
Nebraska		$17,660	
Nevada		$20,638	
New Hampshire		$12,174	
New Jersey		$159,167	
New Mexico		$33,883	
New York		$513,957	
N. Carolina		$99,491	
N. Dakota		$11,171	
Ohio		$151,577	
Oklahoma		$70,959	
Oregon		$13,287	
Pennsylvania		$214,042	
Rhode Island		$20,660	
S. Carolina		$28,784	
S. Dakota		$23,421	
Tennessee		$83,060	
Texas		$139,512	
Utah		$6,892	
Vermont		$9,558	
Virginia		$58,150	
Washington		$40,135	
W. Virginia		$18,077	
Wisconsin		$30,266	
Wyoming		$3,520	
Guam		$3,208	
Puerto Rico		$105,153	
Virgin Islands		$17,515	

Data Sources: HUD Office of Public and Indian Housing

(1) Obligations for benefits and administration at the state and local levels. Funds for administration at the federal level were $41,159(000).

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands)
14.850, 14.851, 14.852 PUBLIC AND INDIAN HOUSING

	Total	(1)
United States	$2,820,463	
Alabama	$61,139	
Alaska	$33,353	
Arizona	$38,383	
Arkansas	$21,583	
California	$85,460	
Colorado	$13,332	
Connecticut	$45,848	
Delaware	$9,031	
D. C.	$41,530	
Florida	$67,379	
Georgia	$94,653	
Hawaii	$7,485	
Idaho	$3,091	
Illinois	$205,396	
Indiana	$35,212	
Iowa	$6,010	
Kansas	$17,400	
Kentucky	$42,751	
Louisiana	$55,189	
Maine	$11,370	
Maryland	$73,908	
Massachusetts	$90,239	
Michigan	$67,721	
Minnesota	$41,733	
Mississippi	$21,631	
Missouri	$47,569	
Montana	$16,688	
Nebraska	$12,628	
Nevada	$15,933	
New Hampshire	$9,493	
New Jersey	$199,401	
New Mexico	$16,365	
New York	$399,742	
N. Carolina	$66,979	
N. Dakota	$10,074	
Ohio	$126,273	
Oklahoma	$37,748	
Oregon	$14,565	
Pennsylvania	$173,056	
Rhode Island	$19,034	
S. Carolina	$24,114	
S. Dakota	$20,991	
Tennessee	$72,741	
Texas	$105,773	
Utah	$4,710	
Vermont	$5,441	
Virginia	$52,322	
Washington	$45,013	
W. Virginia	$14,377	
Wisconsin	$22,890	
Wyoming	$2,399	
Guam	$937	
Puerto Rico	$56,343	
Virgin Islands	$36,037	

Data Sources: HUD Office of Public and Indian Housing.

(1) Obligations for benefits and administration at the state and local levels. Funds for administration at the federal level were $42,340(000).

IX. A. FY 85 RECIPIENT CHARACTERISTICS
14.850, 14.851, 14.852 PUBLIC AND INDIAN HOUSING

	Units Served	(1)	All Persons	(2)	Elderly(3)	(4)
United States	1,325,752		3,871,196		804,997	
Alabama	42,751		124,833		25,958	
Alaska	5,521		16,121		3,352	
Arizona	13,570		39,624		8,240	
Arkansas	15,014		43,841		9,117	
California	44,209		129,090		26,844	
Colorado	9,155		26,733		5,559	
Connecticut	18,573		54,233		11,278	
Delaware	3,168		9,251		1,924	
D. C.	12,441		36,328		7,554	
Florida	42,328		123,598		25,702	
Georgia	56,373		164,609		34,230	
Hawaii	5,124		14,962		3,111	
Idaho	1,406		4,106		854	
Illinois	78,233		228,440		47,503	
Indiana	17,846		52,110		10,836	
Iowa	4,348		12,696		2,640	
Kansas	9,262		27,045		5,624	
Kentucky	25,148		73,432		15,270	
Louisiana	31,619		92,327		19,199	
Maine	4,266		12,457		2,590	
Maryland	25,460		74,343		15,459	
Massachusetts	36,127		105,491		21,936	
Michigan	30,289		88,444		18,391	
Minnesota	22,465		65,598		13,641	
Mississippi	13,339		38,950		8,099	
Missouri	21,568		62,979		13,096	
Montana	5,564		16,247		3,378	
Nebraska	8,295		24,221		5,037	
Nevada	5,642		16,475		3,426	
New Hampshire	4,214		12,305		2,559	
New Jersey	48,438		141,439		29,412	
New Mexico	8,122		23,716		4,932	
New York	186,089		543,380		112,993	
N. Carolina	41,272		120,514		25,060	
N. Dakota	3,949		11,531		2,398	
Ohio	43,448		126,868		26,382	
Oklahoma	26,963		78,732		16,372	
Oregon	5,895		17,213		3,579	
Pennsylvania	78,844		230,224		47,874	
Rhode Island	9,861		28,794		5,988	
S. Carolina	15,638		45,663		9,495	
S. Dakota	6,612		19,307		4,015	
Tennessee	40,763		119,028		24,751	
Texas	64,057		187,046		38,895	
Utah	1,960		5,723		1,190	
Vermont	1,674		4,888		1,016	
Virginia	22,747		66,421		13,812	
Washington	19,433		56,744		11,800	
W. Virginia	7,069		20,641		4,292	
Wisconsin	14,846		43,350		9,014	
Wyoming	899		2,625		546	
Guam	595		1,737		361	
Puerto Rico	58,616		171,159		35,592	
Virgin Islands	4,644		13,560		2,820	

Data Sources: HUD Office of Public and Indian Housing

(1) Units listed here are available for occupancy. Some units may be vacant.
(2) Estimated based on national average of persons per unit.
(3) Elderly is defined as 62 years of age or older. The number of elderly in each state was estimated based on the national proportion.
(4) Includes disabled and handicapped households.

IX. B. FY 84 RECIPIENT CHARACTERISTICS
14.850, 14.851, 14.852 PUBLIC AND INIDAN HOUSING

		Units Served	(1)	All Persons	(2)	Elderly (3)	(4)
United States		1,303,908		3,807,411		791,733	
Alabama		42,356		123,680		25,719	
Alaska		5,236		15,289		3,179	
Arizona		12,846		37,510		7,800	
Arkansas		14,839		43,330		9,010	
California		42,181		123,169		25,612	
Colorado		8,999		26,277		5,464	
Connecticut		18,628		54,394		11,311	
Delaware		3,168		9,251		1,924	
D. C.		12,393		36,188		7,525	
Florida		43,323		126,503		26,306	
Georgia		55,870		163,140		33,924	
Hawaii		5,124		14,962		3,111	
Idaho		1,406		4,106		854	
Illinois		76,912		224,583		46,701	
Indiana		17,374		50,732		10,549	
Iowa		3,986		11,639		2,420	
Kansas		9,199		26,861		5,586	
Kentucky		24,673		72,045		14,981	
Louisiana		30,987		90,482		18,815	
Maine		4,171		12,179		2,533	
Maryland		25,004		73,012		15,182	
Massachusetts		35,880		104,770		21,786	
Michigan		29,661		86,610		18,010	
Minnesota		22,226		64,900		13,496	
Mississippi		12,994		37,942		7,890	
Missouri		21,941		64,068		13,323	
Montana		5,429		15,853		3,296	
Nebraska		8,227		24,023		4,995	
Nevada		5,095		14,877		3,094	
New Hampshire		4,197		12,255		2,548	
New Jersey		47,853		139,731		29,056	
New Mexico		8,890		25,959		5,398	
New York		184,666		539,225		112,129	
N. Carolina		40,243		117,510		24,436	
N. Dakota		3,778		11,032		2,294	
Ohio		41,352		120,748		25,109	
Oklahoma		26,087		76,174		15,840	
Oregon		5,841		17,056		3,547	
Pennsylvania		75,245		219,715		45,689	
Rhode Island		9,782		28,563		5,940	
S. Carolina		15,166		44,285		9,209	
S. Dakota		6,525		19,053		3,962	
Tennessee		40,239		117,498		24,433	
Texas		63,248		184,684		38,404	
Utah		1,825		5,329		1,108	
Vermont		1,641		4,792		996	
Virginia		22,109		64,558		13,425	
Washington		19,158		55,941		11,633	
W. Virginia		6,838		19,967		4,152	
Wisconsin		14,410		42,077		8,750	
Wyoming		796		2,324		483	
Guam		477		1,393		290	
Puerto Rico		58,711		171,436		35,649	
Virgin Islands		4,703		13,733		2,856	

Data Sources: HUD Office of Public and Indian Housing.

(1) Units listed here are available for occupancy. Some units may be vacant.
(2) Estimated based on national average of persons per unit.
(3) Elderly is defined as 62 years of age or older. The number of elderly in each state was estimated based on the national proportion.
(4) Includes disabled and handicapped households.

X. A. MEAN FY 85 COSTS PER UNIT SERVED
14.850, 14.851, 14.852 PUBLIC AND INDIAN HOUSING

		Total	(1)
United States		$2,571	
Alabama		$2,136	
Alaska		$5,472	
Arizona		$3,368	
Arkansas		$1,906	
California		$2,438	
Colorado		$2,235	
Connecticut		$3,237	
Delaware		$3,241	
D. C.		$4,160	
Florida		$2,229	
Georgia		$1,866	
Hawaii		$2,808	
Idaho		$2,090	
Illinois		$2,836	
Indiana		$2,688	
Iowa		$2,149	
Kansas		$2,567	
Kentucky		$2,257	
Louisiana		$2,086	
Maine		$2,765	
Maryland		$3,060	
Massachusetts		$2,963	
Michigan		$2,106	
Minnesota		$2,334	
Mississippi		$1,905	
Missouri		$2,692	
Montana		$3,146	
Nebraksa		$2,129	
Nevada		$3,658	
New Hampshire		$2,889	
New Jersey		$3,286	
New Mexico		$4,172	
New York		$2,762	
North Carolina		$2,411	
North Dakota		$2,829	
Ohio		$3,489	
Oklahoma		$2,632	
Oregon		$2,254	
Pennsylvania		$2,715	
Rhode Island		$2,095	
S. Carolina		$1,841	
S. Dakota		$3,542	
Tennessee		$2,038	
Texas		$2,178	
Utah		$3,516	
Vermont		$5,710	
Virginia		$2,556	
Washington		$2,065	
W. Virginia		$2,557	
Wisconsin		$2,039	
Wyoming		$3,915	
Guam		$5,392	
Puerto Rico		$1,794	
Virgin Islands		$3,772	

Data Sources: HUD Office of Public and Indian Housing.

(1) Spending from Table VIII.A. divided by units from Table IX.A.
Some units on Table IX.A. are vacant.

X. B. MEAN FY 84 COSTS PER UNIT SERVED
14.850, 14.851, 14.852 PUBLIC AND INDIAN HOUSING

		Total	(1)
United States		$2,163	
Alabama		$1,443	
Alaska		$6,370	
Arizona		$2,988	
Arkansas		$1,454	
California		$2,026	
Colorado		$1,481	
Connecticut		$2,461	
Delaware		$2,851	
D. C.		$3,351	
Florida		$1,555	
Georgia		$1,694	
Hawaii		$1,461	
Idaho		$2,198	
Illinois		$2,671	
Indiana		$2,027	
Iowa		$1,508	
Kansas		$1,892	
Kentucky		$1,733	
Louisiana		$1,781	
Maine		$2,726	
Maryland		$2,956	
Massachusetts		$2,515	
Michigan		$2,283	
Minnesota		$1,878	
Mississippi		$1,665	
Missouri		$2,168	
Montana		$3,074	
Nebraksa		$1,535	
Nevada		$3,127	
New Hampshire		$2,262	
New Jersey		$4,167	
New Mexico		$1,841	
New York		$2,165	
North Carolina		$1,664	
North Dakota		$2,666	
Ohio		$3,054	
Oklahoma		$1,447	
Oregon		$2,494	
Pennsylvania		$2,300	
Rhode Island		$1,946	
S. Carolina		$1,590	
S. Dakota		$3,217	
Tennessee		$1,808	
Texas		$1,672	
Utah		$2,581	
Vermont		$3,316	
Virginia		$2,367	
Washington		$2,350	
W. Virginia		$2,103	
Wisconsin		$1,588	
Wyoming		$3,014	
Guam		$1,964	
Puerto Rico		$980	
Virgin Islands		$7,663	

Data Sources: HUD Office of Public and Indian Housing.

(1) Spending from Table VIII.B. divided by units from Table IX.B. Some units on Table IX.B. are vacant.

XI. HISTORICAL DATA (Dollars in thousands)
14.850, 14.851, 14.852 PUBLIC AND INDIAN HOUSING

Federal Fiscal Year	Total Federal Outlays	Units Served	(1)	Persons Served	(2)	Federal Staff	(3)
1985	$3,407,734	1,325,752		3,871,196		1,105	
1984	$2,900,116	1,303,908		3,807,411		1,084	
1983	$3,206,313	1,250,000		3,650,000		1,299	
1982	$2,573,788	1,224,000		3,574,080		1,269	
1981	$2,400,949	1,204,000		3,515,680		1,152	
1980	$2,184,769	1,192,000		3,480,640		958	
1979	$1,818,507	1,178,000		3,439,760		949	
1978	$1,768,414	1,173,000		3,425,160		945	
1977	$1,596,159	1,174,000		3,428,080		946	
1976	$1,527,891	1,167,000		3,407,640		943	
1975	$1,311,617	1,151,000		3,360,920		927	
1974	$1,115,657	1,109,000		3,238,280		893	
1973	$1,043,214	1,047,000		3,057,240		843	
1972	$744,143	989,419		2,889,103		840	
1971	$558,363	892,651		2,606,541		719	
1970	$433,602	830,454		2,424,926		669	
1969	$339,264	767,723		2,241,751		618	
1968	$285,221	692,199		2,021,221		558	
1967	$260,586	643,245		1,878,275		518	
1966	$231,828	608,554		1,776,978		490	
1965	$224,854	577,347		1,685,853		465	
1964	$144,764	539,841		1,576,336		435	
1963	$174,318	511,047		1,492,257		412	
1962	$162,434	482,714		1,409,525		389	
1961	$154,986	465,481		1,359,205		375	
1960	$139,925	425,850		1,243,482		343	

Data Sources HUD Office of Public and Indian Housing.

(1) Units available for occupancy.
(2) Estimated based on most recent average of number of persons per unit.
(3) Based on permanent Full-Time Employees and staff years.

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

I. PROGRAM SUMMARY

The Low Income Home Energy Assistance Program (LIHEAP) provides block grants to states and about 130 Indian tribal organizations to assist low income households offset the cost of heating, cooling, and weatherizing their homes. The Department of Health and Human Services, which administers the program, distributes the funds as grants to states, which design and operate the program under broad federal guidelines. State governments develop the plans necessary to receive funding, act as the primary interpreters of the federal LIHEAP law, and designate local agencies to carry out the program.

In FY 1985, about $2.1 billion was appropriated for LIHEAP and about seven million households received assistance under the program. The program began in the late 1970s as a series of $200 million programs to provide emergency deliveries of heating oil and temporary assistance to avoid utility disconnections. The program has no matching requirement, although several states supplement their federal allotments with their own funds.

The LIHEAP statute defines 'household' and states are required to assure that the largest benefits go to households with the lowest incomes and the highest energy costs relative to income. The law sets income eligibility ceilings at the greater of 150 percent of the federal poverty guidelines or 60 percent of the state's median income; it also prohibits states from setting income eligibility below 110 percent of the federal poverty guidelines. There is no federal requirement for an assets test and less than one-third of the states set such standards.

States have considerable discretion to determine the types of energy assistance to be provided and the manner of payments. Most states make one-time payments and use vendor payment systems, in lieu of cash payments to households, as the primary method to provide benefits. Many states also provide in-kind benefits such as fans, portable heaters, and materials needed for repairs or improvements.

LIHEAP is one of seven block grants authorized in 1981. The block grant approach has significantly reduced federal regulations and has increased state flexibility to target the available dollars. The 1981 law also permits states to transfer up to 10 percent of their LIHEAP funding to other block grants and, in FY 1985, some 29 states exercised this option.

II. ADMINISTRATION

A. Program name: Low Income Home Energy Assistance Program.

B. Catalog of Federal Domestic Assistance No.: 13.818
Budget account number(s): 75-0420-0-1-609.

C. Current authorizing statute: 42 U.S.C. 8621-8629, as amended, by the Human Services Reauthorization Act of 1984, Pub. L. 98-558, and Human Services Reauthorization Act of 1986, Pub. L. 99-425.

D. Location of program regulations in the Code of Federal Regulations: 45 CFR Parts 16, 74, and 96.

E. Federal administering agency: Family Support Administration, Department of Health and Human Services.

F. Primary grantee (if any) receiving program funds to provide benefits: States; tribal organizations; Puerto Rico; Virgin Islands; American Samoa; the Trust Territory of the Pacific Islands; Guam; Commonwealth of the Northern Mariana Islands.

G. Subgrantee (if any) receiving program funds to provide benefits: Counties; cities; tribal organizations; private nonprofit organizations.

H. Allocation of federal funds.

LIHEAP funds appropriated each year are distributed to states based on a formula in 42 U.S.C. 8623(a). The Human Services Reauthorization Act of 1984, Pub. L. 98-558, revised the formula for allocating to the states funds appropriated by Congress for LIHEAP. Under the revised formula, each state's share of LIHEAP funds is determined based on the ratio between the expenditures for home energy by low income households in that state and such expenditures in all states. To limit the reductions in previously anticipated funding, Congress provided two features in the revised formula.

As long as annual appropriations were at least at FY 1984 levels of $1.975 billion for LIHEAP, no state is to receive less than it did in FY 1984. To pay for increasing the allotments of some states from the amount they would receive as a result of their share of low income home energy costs to the amount they received in FY 1984, the allotments of states who increased the most under the revised formula are reduced. In addition, if the appropriation level is at least $2.25 billion in any fiscal year, the Human Services Reauthorization Act provides that a state whose allotment percentage would be less than 1 percent shall not have its allotment percentage reduced from the percentage it would receive from a total appropriation of $2.140 billion.

Tribal allotments for applicant Indian tribes are set aside from the state's allotment based upon the ratio between the total eligible Indian households in the tribe and the total eligible households in the state or upon any greater amount to which the tribe and state may agree.

I. Role of state and local governments in administering the program.

The state governments play a key role in administering the LIHEAP block grant. First, to receive LIHEAP funding, the state must submit an application to the U.S. Department of Health and Human Services. In the application, the chief executive officer of the state must certify to the fourteen assurances contained in the statute and submit a plan, which includes a description of how the state will carry out each of the assurances. Under the provisions of 42 U.S.C. 8624(b), the Secretary of the Department of Health and Human Services may not prescribe the manner in which a state carries out the assurances. However, HHS is mandated to provide grantees with a model state plan which they can use at their own option.

Second, under the block grant approach, states are the primary interpreters of the law. The block grant regulation at 45 CFR 96.50(e) states, "In resolving any issue raised by a complaint or a federal audit or review, the Department will defer to a state's interpretation of its assurances and of the provisions of the block grant statutes unless the interpretation is clearly erroneous."

Third, the LIHEAP program is not highly regulated. Consequently, in many instances, the federal government will look to state, rather than federal, laws and procedures for determining compliance with the statute. For example, the regulation at 45 CFR 96.30(a) states, "Except where otherwise required by federal law or regulation, a state shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds."

Finally, many state legislatures and local governments are involved in the LIHEAP program either by having representation on advisory committees or, in the case of state legislatures, by having approval jurisdiction on the state plan.

To administer LIHEAP at the local level, states primarily use county welfare offices, community action agencies, or other public or private nonprofit agencies. The statute at requires states, to the extent it is necessary, to designate local administrative agencies to carry out the program, to give special consideration in the designation of such agencies, to any local public or private nonprofit agency which was receiving federal funds under any low income energy assistance program prior to the block grant program. In addition to community action agencies and welfare agencies, some states also use units of local government or other agencies, such as Area Agencies on Aging, to administer the program locally.

J. Audit or quality control.

The LIHEAP statute provides basic guidance to states on administrative efficiency. First, it establishes a cap of 10 percent for administrative costs. This cap is applied to funds payable to a state excluding funds transferred out to another block grant and excluding any set-asides for direct grants to Indian tribes and tribal organizations.

Second, the statute also requires the state to perform a biennial audit. (1) This audit must be conducted in accordance with the Comptroller General's standards for audit of governmental organizations, programs, activities, and functions and submitted to HHS within 30 days after completion.

Third, the statute at requires the state to repay to the United States amounts found not to be expended in accordance with the statute or the state plan. Such amounts are normally identified in the audit required by the statute.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The statute at 42 U.S.C. 8621 describes the purpose of LIHEAP which is "to assist eligible households to meet the costs of home energy." Home energy is defined as a source of heating or cooling in residential dwellings.

Program funds may be used to meet specific needs of low income recipients for home energy assistance, energy crisis assistance, and low cost residential weatherization assistance or other energy-related home repair.

B. Allocation of program funds among activities.

Allocation of funds is generally at the states' discretion with two exceptions. First, the statute requires states to reserve a reasonable amount, based on data from prior years, until March 15 for energy crisis assistance. Second, the statute limits the amount a state may use for weatherization activities to 15 percent of the greater of its allotment or its funds available.

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[1] However,the Single Audit Act (31 U.S.C. 7501), in most circumstances, supersedes this requirement and requires an annual audit of Federal program funds.

Of the funds available to states for use in their LIHEAP programs in FY 1986, including state and other funds added to the states' LIHEAP funds, an estimated 67 percent were used for heating assistance, two percent for cooling assistance, nine percent for crisis assistance, and nine percent for weatherization assistance and other energy-related home repair. (Based on the report prepared for the Senate Committee on Appropriations, dated February 28, 1986.)

In addition to these activities, LIHEAP funds may be used for transfers to one or more of the six other block grants administered by the Department of Health and Human Services, for planning and administration, and to carryover to the next fiscal year. The amount of funds that may be used by states for each of these activities is limited by statute. For transfers and administration, states are limited to 10 percent of the funds payable to them and not transferred to another block grant. For carryover, states are limited to 15 percent of the funds payable to them and not transferred to another block grant.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

The statute at 42 U.S.C. 8621 authorizes HHS to make grants to states to assist eligible households to meet the costs of home energy. Household is defined as "any individual or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated payments for energy in the form of rent."

B. Income eligibility standards.

The LIHEAP statute establishes maximum income guidelines that states may use and minimum income guidelines that states must use in establishing income eligibility criteria. The statute at 42 U.S.C. 8624(b)(2)(B) states that payments may be made to:

> (B) households with incomes which do not exceed the greater of --
>
> (i) an amount equal to 150 percent of the poverty level for such state; or
>
> (ii) an amount equal to 60 percent of the state median income; except that no household may be excluded from eligibility...if the household has an income which is less than 110 percent of the poverty level for such state for such fiscal year.

States have the flexibility to establish their own eligibility criteria within the statutory guidelines. In FY 1986, income eligibility criteria were set below federal maximums by 30 states for heating assistance, by 29 states for crisis assistance, and by 31 states for weatherization assistance. In FY 1985, six of the 10 states using LIHEAP funds for cooling assistance set income criteria below federal maximums. (Data based on Reports to the Senate Appropriations Committee, dated August 27, 1985, and February 28, 1986.)

The federal statutory maximum income guidelines do not vary by subgroups, but some states setting income maximums below the federal maximums do use higher income guidelines for the elderly or handicapped than for households which do not contain elderly or handicapped members. In FY 1985, five states had higher income eligibility guidelines for the elderly; two included the handicapped in this category and one included households with infants under 24 months.

Neither the statute nor the regulations for LIHEAP contain federal guidelines on disregards, deductions, or discounts from income allowable before the maximum income test is applied. (2) All states do, however, use some form of income disregard, which usually is based on other statutory preclusions. For example, some federal statutes preclude counting certain per capita payments to Indian households as income or resource in any income assistance program. (3) Additionally, a few states deduct a percentage (18-20 percent) from gross earned income to account for taxes and working expenses. One state allows a deduction for child care expenses that are necessary for employment.

There is no federal requirement for an assets test. In FY 1986, 15 states used an assets test in their heating component, 16 in their crisis program, and six in their weatherization component.

In FY 1985, three of the 10 states using LIHEAP funds for cooling assistance used assets tests for eligibility determination. Examples of assets tests used by states include:

o $3,000 (excluding the home and the primary vehicle);

o $5,000 (excluding cars, household or personal belongings,

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[2] Unlike some other public assistance programs, under the block grant, States usually do not distinguish between earned and unearned income. Generally, income eligibility criteria adopted by States under 42 U.S.C. 8624(b)(2) are compared to total cash income irrespective of its character as earned or unearned.

[3] For example, the Act of October 19, 1973 at 42 U.S.C. 1407, as amended, provides that per capita payments shall not "be considered as income or resources [or] otherwise utilized as the basis for denying or reducing the financial assistance or other benefits to which such households would otherwise be entitled under ... any Federal or federally assisted program."

principal residence, prepaid burial policies, cash value of insurance policies);

- $25,000 cash value of all assets.

No state uses the value of assets as a factor in varying benefits. Therefore, in states using assets tests, increases in assets may exclude households from eligibility, but do not affect benefit levels once eligibility has been established.

C. Other eligibility requirements.

The statute at 42 U.S.C. 8621(a) authorizes the Department of Health and Human Services to make grants to states to assist eligible households to meet the costs of home energy, which is defined as a source of heating or cooling in residential dwellings. Most states have interpreted this to require a "vulnerability" test; that is, a household must pay directly (or indirectly through rent) for heating or cooling costs and must not be protected from future increases in energy costs (or rent increases reflecting higher energy costs). For this reason, a number of states exclude from eligibility households residing in subsidized housing, where shelter costs are a fixed percentage of income.

Most states have additional eligibility requirements for their crisis components. Examples of such requirements are:

- Receipt of a utility shut-off notice;
- Determination that a threat to a household member's health or well-being exists;
- Household has exhausted its regular heating benefit;
- Household must be responsible for payment of the primary heating/cooling costs;
- Receipt of a rent eviction notice (renters with heat included in rent).

In FY 1986, 36 states indicated that they require some evidence of a crisis, such as a notice from a utility company that service is about to be discontinued, before crisis benefits are provided. Additionally, one state restricted eligibility for its crisis program to the elderly and the handicapped.

For weatherization assistance, states generally evaluate the household's need for weatherization assistance or other energy-related home repair. Priority for weatherization assistance often is given to households containing an elderly or handicapped member. In FY 1985, three of the 10 states using LIHEAP funds for cooling assistance limited such assistance to cases of medical necessity. (Based on Reports to the Senate

Appropriations Committee, dated August 27, 1985, and February 28, 1986.)

D. Other income a recipient unit is required or expected to spend to receive benefits.

There is no federal LIHEAP requirement that households spend an amount or proportion of gross income on energy costs in order to receive LIHEAP assistance. However, a number of states do have such requirements, particularly in their crisis programs, and more states are considering adding such a requirement. Several states have implemented guaranteed service plans under which a household is protected from utility shut-off if it pays a certain percentage of its income every month toward its utility bill. Other states have implemented various copayment plans, requiring a household to devote a share of its resources toward energy costs. One state requires a household to have paid 10 percent of its income over the previous 90 days toward its home energy bill in order to be eligible for a crisis benefit. Another state requires a "good faith effort" to pay the bill on the part of the household to be eligible.

V. BENEFITS AND SERVICES

A. Program intake process.

In general, all states perform intake using a voluntary application process in all LIHEAP components (heating, cooling, crisis, and weatherization). Intake is accomplished through office visits in the majority of states. Other forms of intake used are mail-in applications and home visits to the homebound.

A few states also provide benefits automatically to specific groups by virtue of their eligibility for Aid to Families with Dependent Children, Supplemental Security Income, Foods Stamps, or General Assistance. (4) In FY 1986, six states provided automatic payments to one or more of the groups listed above for heating assistance.

Generally, automatic payments are made only in the heating component. Some states also automatically refer heating recipients to their weatherization components. These recipients are typically considered income eligible for weatherization, but further assessment is made to determine the need for weatherization services and service priority.

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[4] Although General Assistance recipients are not considered categorically eligible under the Low Income Home Energy Assistance Program statute, a few States have determined that their entire General Assistance population is under the Federal statutory income maximums. Consequently, the State makes such households automatically eligible.

In all components of LIHEAP and for all states, the two predominant types of local administering agencies are community action agencies and welfare offices. In FY 1986, for heating assistance, 29 states indicated that they used the community action agency to administer the program at the local level; 30 states indicated that they used the welfare agency. (States may use more than one type of agency.) For crisis assistance, 35 states used the community action agency; 25 used the welfare agency. For weatherization assistance, 48 states use the community action agency; six use the welfare agency. In FY 1985, out of the 10 states using LIHEAP funds for cooling assistance, two used the community action agency and five used the welfare agency to administer the program at the local level. In addition to these two types of agencies, states use other agencies, such as area agencies on aging, local governments, private nonprofit agencies, and other public agencies, such as unemployment offices. (Based on Reports to the Senate Appropriations Committee, dated August 27, 1985 and February 28, 1986.)

B. Program benefits or services.

LIHEAP provides cash assistance, in-kind benefits, and certain types of weatherization and home repair services. Under the block grant concept, states have the flexibility to determine the method of providing benefits to eligible households. Benefits are provided in the following ways:

- Vendor payments to energy providers;
- Vouchers/coupons to the recipient or energy provider;
- Cash, in the form of a check, to the recipient;
- Two-party checks, in the name of the recipient and the energy provider;
- Payments to landlords (for households with heat included in rent).

For the heating, cooling, and crisis components, the large majority of states use vendor payment systems as the primary method to provide benefits to their eligible populations. Most also provide cash in the form of a check to a recipient in the event a vendor payment cannot be made (as in the case of a household whose heat is included in rent or a household whose vendor refuses to participate in the state's energy assistance program). In FY 1986, vendor payments were used by 39 states in their heating assistance programs and by 43 states in their crisis assistance programs. In FY 1985, five of the 10 states providing cooling assistance used vendor payments. (Based on Reports to the Senate Appropriations Committee dated August 27, 1985, and February 28, 1986.)

Most states issue a one-time benefit for each component, although a few states provide the benefit over a period of time (e.g., three monthly installments). A few states cap the total combined benefit a recipient may receive under the heating and crisis components.

The statute at 42 U.S.C. 8624(b)(5) states in part that grantees must "provide in a timely manner, that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs in relation to income, taking into account family size." Grantees have the flexibility to interpret this provision and to set their own benefit levels.

Typically, for heating and cooling assistance, a state develops a payment matrix which provides for varying benefits by taking into account income, family size, fuel type, and region of the state. Other criteria used with some frequency, either in conjunction with or in lieu of one of the items listed above, are housing type, whether the household is receiving a housing subsidy, and whether the household contains members who are elderly or handicapped. For crisis assistance, many states provide benefits, up to a maximum, based on the amount necessary to alleviate the crisis. Benefits under weatherization assistance usually are based on the household's need for weatherization and its service priority.

Payment matrices are established by the state level grantee and are generally applied to individual cases at the local level. Many states have a state-level computer system which ensures accurate payment levels based on data from the local offices, and a few states process household applications at the state level. This occurs most often in the heating component.

Many states provide in-kind benefits and services in addition to, or in lieu of, cash assistance. In-kind benefits, such as fans and portable heaters, are provided by states under their crisis assistance programs. Under the weatherization component, in-kind benefits may include materials needed for weatherization, home repair, or efficiency repairs to the heating system. In addition to weatherization materials, weatherization benefits may include such services as weatherization assessment, minor repairs to a source of heating or cooling, and arranging budget payment plans with energy vendors.

C. Duration of benefits.

Generally, applicants must reapply each year. However, some states provide for an abbreviated application process if the household received LIHEAP assistance in the prior year.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

States are permitted to establish eligibility criteria within the federal criteria set forth at 42 U.S.C. 8624(b) which provides the option of categorical eligibility for households in which one or more individuals are receiving benefits from:

- Aid to Families with Dependent Children;
- Supplemental Security Income;
- Food Stamps;
- Need-based veterans' benefits.

States may establish eligibility criteria such that participation in one of the programs described above satisfies some, but not all, of the conditions of program eligibility. For example, a state may provide for the categorical eligibility of households receiving AFDC but require such households to complete a short application to determine that the household has either direct or indirect costs for home energy or to determine the type of fuel used by the household (for use in determining benefit levels). Or, a state may limit categorical eligibility to those categorical households under a particular income level. In addition, some states preclude participation in LIHEAP by some households residing in public housing.

B. Counting assistance from other programs.

The LIHEAP statute and regulations leave considerable flexibility to grantees in setting rules for counting income of applicants. Ordinarily, cash income from all sources is counted by states.

The amount of benefits received through the LIHEAP program may increase or decrease due to changes in the amount of countable income received by a household from other programs. Generally, cash assistance provided by state and federal public assistance programs, such as Aid to Families with Dependent Children, Supplemental Security Income, need-tested veterans' benefits, or General Assistance, is considered as income by states in determining LIHEAP eligibility and benefit levels.

States consider subsidies received through various public housing programs in a variety of ways in determining LIHEAP eligibility and benefit levels. In FY 1986, for heating assistance, 16 states reported varying benefits based on whether or not the household resided in some form of subsidized housing. In FY 1985, two of 10 states using LIHEAP funds for cooling assistance, varied benefits based on residence in subsidized housing. (Based on Reports to the Senate Appropriations Committee, dated August 27, 1985, and February 28, 1986.)

C. Overlapping authorities and benefits.

The LIHEAP statute at 42 U.S.C. 8624(b)(4) requires states to coordinate their LIHEAP activities with similar and related programs administered by the federal government, particularly low income energy related programs under the Community Services Block Grant, Supplemental Security Income, Aid to Families with Dependent Children, and Low Income Weatherization Assistance.

LIHEAP is intended to supplement, rather than duplicate, other programs intended to provide for basic needs. Low income households receive direct or indirect assistance with heating costs from other federal programs, such as Aid to Families with Dependent Children and Supplemental Security Income, which provide grants for all basic needs; Emergency Assistance with energy-related needs provided by seven states under Title IV-A of the Social Security Act; housing subsidy programs, mainly administered by the Department of Housing and Urban Development and the Department of Agriculture; and various Bureau of Indian Affairs programs.

In the report to Congress on the FY 1982 LIHEAP program, the Department of Health and Human Services estimated the amounts of assistance for heating costs provided by Aid to Families with Dependent Children and Supplemental Security Income, and the average value of energy subsidies in federally assisted housing programs. For that year, it found households that received LIHEAP and either Aid to Families with Dependent Children or housing subsidies had nearly all of their heating costs covered by the combined assistance. Households receiving both SSI and LIHEAP had between 64 percent and 90 percent of their heating costs covered by the combined assistance. It should be noted that there were significant regional variations.

Funds are authorized for conservation and weatherization services for low income households from a number of other federal sources, including the Department of Energy's Low Income Weatherization Assistance Program, the Community Services Block Grant, and the Community Development Block Grant, as well as other Housing and Urban Development and Farmers' Home Administration programs. In FY 1986, 49 states used LIHEAP funds for weatherization or other energy-related home repair. As in past years, most of these states used such funds to supplement their Low Income Weatherization Assistance Program, which is administered by the Department of Energy.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Labor and Human Resources
    Subcommittee on Children, Family, Drugs, and Alcoholism

House of Representatives

Committee on Education and Labor
    Subcommittee on Human Resources

Committee on Energy and Commerce
    Subcommittee on Energy Conservation and Power
    Subcommittee on Fossil and Synthetic Fuels

B. Appropriating subcommittees.

Senate

Subcommittee on Labor, Health and Human Services, Education, and Related Agencies

House of Representatives

Subcommittee on Labor, Health and Human Services, Education, and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

The program has been mentioned in hearings concerning the Department of Energy as well. For example, LIHEAP was mentioned at a hearing of the Subcommittee on Energy Conservation and Supply of the Senate Committee on Energy and Natural Resources held in June 1984, on the Department of Energy's Weatherization Assistance Program and Senate bill S.2370, the proposed Petroleum Overcharge Restitution Act. The Senate bill proposed funding for LIHEAP and two Department of Energy conservation programs from some of the funds collected by the Department of Energy in settlement of violations of the Emergency Petroleum Allocation Act of 1973, 15 U.S.C. 751.

D. Federal legislation.

In the fall of 1979, Congress enacted Pub. L. 96-126, which provided $1.2 billion for the Special Energy Allowance Program.

(5) Approximately $400 million was distributed directly to households receiving Supplemental Security Income, and the balance of $800 million was distributed under a statutory formula to states, territories, and applicant Indian tribes for energy assistance programs. To receive the allocated funds, grantees were required to submit, for approval by the federal government, a plan for distributing the funds to low income households.

The predecessor of the current Low Income Home Energy Assistance Program was the fiscal year 1981 Low Income Energy Assistance Program (LIEAP), authorized by the Home Energy Assistance Act of 1980 (Title III of Pub. L. 96-223, the Crude Oil Windfall Profit Tax Act of 1980). Administered by the Department of Health and Human Services, the Low Income Energy Assistance Program (LIEAP) provided assistance to low income households to offset the rising costs of home energy that were excessive in relation to household income. The program had extensive application approval requirements and regulations.

Also in FY 1981, the Community Services Administration carried out a predecessor Energy Crisis Intervention Program under section 222(a)(5) of the Economic Opportunity Act of 1964. Weatherization assistance has been provided since FY 1977 by Department of Energy.

The Low Income Home Energy Assistance Program was authorized for fiscal years 1982 through 1984 by the Low Income Home Energy Assistance Act of 1981, Title XXVI of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 8621), enacted August 13, 1981. One of seven block grants authorized by the Omnibus Budget Reconciliation Act administered by the Department of Health and Human Services, LIHEAP provides funds to states, territories, and applicant Indian tribes. Many of the statutory program requirements for the predecessor program were retained, but within a block grant framework which proscribed the kind of detailed federal administrative oversight characteristic of the predecessor. The block grant statute provides substantial flexibility for grantees to design their programs to fit the needs of their citizens. After a long deliberation over allocation of funds for the predecessor program, the state percentages for FY 1981 were frozen as the basis for allocation of the block grant funds to grantees for fiscal years 1982 through 1984.

Title VI of the Human Services Reauthorization Act of 1984, enacted October 30, 1984, reauthorized LIHEAP for fiscal years 1985 and 1986 and contained amendments to the Low Income Home Energy Assistance Act. The most important changes include:

5An additional $400 million was appropriated for energy crisis assistance activities administered by the Community Services Administration.

- Establishment of a new formula for allocating LIHEAP funds among the states based on home energy expenditures by low income households, with "hold harmless" protection for states that would lose a significant proportion of their funding under the new formula;

- Reduction of the maximum amount a grantee may carry over from one fiscal year to the next, from 25 percent of the amount allotted to 15 percent of the amount payable to the grantee;

- A requirement that grantees must reserve a reasonable amount of funds, based on data from prior years, for energy crisis intervention until March 15 of each fiscal year;

- An increase in application requirements including a provision that grantees spend funds in accordance with their plans;

- A requirement that income-eligible households not be excluded from grantees' regular heating assistance programs and that grantees may not set income eligibility lower than 110 percent of the poverty level;

- A requirement that HHS issue regulations to prevent waste, fraud, and abuse.

Title V of the Human Services Reauthorization Act of 1986 (Pub. L. 99-425) reauthorizes the Low Income Home Energy Assistance program for Fiscal Years 1987 through 1990. The 1986 Amendments to the Low Income Home Energy Assistance Act include:

- Establishing of new requirements pertaining to crisis assistance such as responding to crisis within 48 hours (18 hours if life-threatening), taking applications at geographically accessible locations, making special provisions for taking applications from the physically infirm, and in selecting local agencies, considering the ability of the agency to carry out the program in the local community;

- Basing tribal allotments upon the number of all eligible Indian households residing within the state on or near the tribe's reservation (instead of counting only Indian households of the applicant tribe) or state/tribal agreements where they exist;

- Modifying state plan requirements contained in Section 2605(b), strengthening the requirement that the highest benefits be paid to households with the lowest incomes and highest energy costs, eliminating requirement that States describe energy usage and average cost of home energy in the State, identified by fuel and by region, transferring provisions requiring descriptions of States' energy crisis requirements from Section 2605(b) regarding State applications to Section 2605(c) regarding contents of State plans, mandating a model state plan to be developed by HHS, but making the use of the model plan by grantees optional;

- o Adding a new provision stating that LIHEAP payments may not be considered in the determination of eligibility or benefits for Food Stamps, including the calculation of the excess shelter deduction;
- o Permitting the Secretary to set aside up to $500,000 for technical assistance and training;
- o Relieving the required annual report to Congress of requirements to include further detail of how program requirements are being carried out, and the impact these laws are having on LIHEAP recipients.

E. Major federal implementing regulations and regulatory changes.

Combined final regulations for the seven HHS block grants, including the Low Income Home Energy Assistance Program, were published at 45 CFR Part 96 on July 6, 1982. As the preamble to the regulations states:

> The Secretary has determined that the Department should implement the block grant programs in a manner that is fully consistent with the Congressional intent to enlarge the states' ability to control use of the funds involved. Accordingly, to the extent possible, we will not burden the states' administration of the programs with definitions of permissible and prohibited activities, procedural rules, paperwork and recordkeeping requirements, or other regulatory provisions. The states will, for the most part, be subject only to the statutory requirements, and the Department will carry out its functions with due regard for the limited nature of the role that Congress has assigned to us.

The regulations briefly describe "general procedures" for the block grants, financial management, direct funding of Indian tribes and tribal organizations and enforcement activities (complaints, hearings, and appeals).

Consistent with the block grant approach which enlarges states' ability to control the use of funds, the regulation at 45 CFR 96.30(a) states, "Except where otherwise required by federal law or regulation, a state shall obligate and expend block grant funds in accordance with the laws and procedures applicable to obligation and expenditure of its own funds." In addition, under the block grant programs, the states are primarily responsible for interpreting the governing statutory provisions. "In resolving any issue raised by a complaint or a federal audit, the Department will defer to a state's interpretation of its assurances and of the provisions of the block grant statutes unless the interpretation is clearly erroneous." (45 CFR 96.50(e))

The regulations also require submission to the Department of Health and Human Services by LIHEAP grantees of an annual reallotment and carryover report and an annual report on the number and income levels of households assisted. (These data are necessary for the Department's Annual Report to Congress required by 42 U.S.C. 8629.)

Final regulations for the predecessor Low Income Energy Assistance Program were published at 45 CFR Part 260 on October 7, 1980. Considerably longer and more prescriptive than the combined regulations for the block grants, they describe in detail state plan requirements, development of state plans, administration of the state program, fiscal control and accountability, federal allotments and payments, eligibility and payments for home energy assistance, payments to building operators, payments and tax credits to home energy suppliers, direct payments by the Department to Supplemental Security Income recipients, and applications by households for assistance, notice to applicant households, and hearings.

Regulations implementing an amendment to energy crisis provisions were published on February 13, 1987. The provisions provide procedures to exempt grantees from having to meet statutorily imposed time limits for responding to requests for energy crisis intervention assistance, and clarifies grantees' use of the federal government's official poverty income guidelines in establishing income criteria for LIHEAP.

No regulations were published for the FY 1980 Energy Allowance Program. However, a notice was published in the Federal Register (44 Federal Register 69032 (1979)), which provided instructions to grantees on the availability and uses of the funds.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (In thousands)
13.818 LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

	Benefits	(1)	Administration	(2)	"OTHER" Funds Spent Under This Program Authority	(3)	Total	(4)
United States	$1,899,324		$164,935		$98,104		$2,162,364	
Alabama	$14,439		$1,823		$912		$17,174	
Alaska	$7,175		$663		$400		$8,238	
Arizona	$8,213		$815		$0		$9,028	
Arkansas	$12,203		$1,500		$1,397		$15,101	
California	$84,438		$5,783		$9,792		$100,013	
Colorado	$28,727		$3,248		$3,330		$35,305	
Connecticut	$41,200		$4,114		$0		$45,314	
Delaware	$5,258		$601		$0		$5,859	
D. C.	$6,343		$802		$0		$7,144	
Florida	$26,051		$2,547		$2,897		$31,496	
Georgia	$19,710		$2,097		$1,980		$23,788	
Hawaii	$2,025		$161		$0		$2,187	
Idaho	$13,147		$188		$1,261		$14,595	
Illinois	$120,910		$4,000		$0		$124,910	
Indiana	$49,940	(5)	$4,833		$0		$54,773	
Iowa	$35,544		$2,892		$0		$38,436	
Kansas	$16,165		$1,639		$1,821		$19,625	
Kentucky	$23,710		$2,281		$2,914		$28,905	
Louisiana	$15,802		$1,400		$1,800		$19,002	
Maine	$25,345		$2,420		$0		$27,765	
Maryland	$29,841		$3,662		$0		$33,503	
Massachusetts	$76,702	(5)	$8,973		$0		$85,675	
Michigan	$93,900		$10,200		$11,300		$115,400	
Minnesota	$77,933		$7,690		$0		$85,623	
Mississippi	$14,994		$1,532		$0		$16,527	
Missouri	$41,714		$4,700		$4,803		$51,217	
Montana	$10,557		$969		$1,230		$12,756	
Nebraska	$16,571		$400		$1,903		$18,874	
Nevada	$3,677		$390		$254		$4,321	
New Hampshire	$14,754		$1,522		$0		$16,275	
New Jersey	$68,096		$8,497		$8,204		$84,797	
New Mexico	$9,748		$725		$0		$10,473	
New York	$240,050		$20,941		$15,900		$276,891	
N. Carolina	$37,450		$3,000		$3,011		$43,461	
N. Dakota	$13,532		$1,528		$1,461		$16,521	
Ohio	$110,369		$8,414		$0		$118,783	
Oklahoma	$14,404	(5)	$1,600		$0		$16,004	
Oregon	$21,252		$1,884		$2,581		$25,717	
Pennsylvania	$135,040		$10,197		$0		$145,237	
Rhode Island	$13,003		$1,400		$0		$14,403	
S. Carolina	$13,797		$1,496		$0		$15,293	
S. Dakota	$10,148		$541		$1,143		$11,832	
Tennessee	$26,714		$1,447		$2,592		$30,753	
Texas	$46,025		$2,576		$4,821		$53,422	
Utah	$12,873		$975		$1,483		$15,330	
Vermont	$11,076		$1,203		$49		$12,328	
Virginia	$41,300		$3,700		$0		$45,000	
Washington	$34,322		$4,812		$4,090		$43,223	
W. Virginia	$17,036		$1,303		$1,157		$19,496	
Wisconsin	$81,057		$4,230		$3,000		$88,287	
Wyoming	$5,047		$620		$620		$6,286	

Data Sources: Expenditure data for states are derived primarily from a telephone survey conducted in January 1985.

(1) Heating or cooling assistance, energy crisis intervention, or weatherization.
(2) Funds for administration at the federal level: $2,020(000).
(3) Funds transferred to other block grants.
(4) Includes $156,590(000) carried over from FY 1984, but not $81,626(000) carried over to FY 1986.
Also net of $16,818(000) direct grants to 117 Indian tribes.
The Department does not have expenditure data for the territories. Amounts apportioned to the territories in FY 1985 are as follows: American Samoa-$45,264, Commonwealth of Puerto Rico-$2,463,423, Commonwealth of the Northern Mariana-$34,469, Guam-$99,241, Trust Territory of the Pacific Islnds-$104,639, and the Virgin Islands-$93,843. Guam and TTPI consolidated their LIHEAP funds under the Social Services block grant and Public Health and Health Services block grant respectively. American Samoa failed to submit a timely application for FY 1985. Consequently, the amount apportioned to American Samoa reverted to the Federal Treasury.
(5) Additional state funds were spent under LIHEAP.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands)
13.818 LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

	Benefits	(1)	Administration	(2)	"OTHER" Funds Spent Under This Program Authority	(3)	Total	(4)
United States	$1,802,878		$148,918		$95,029		$2,046,825	
Alabama	$13,688		$1,760		$1,773		$17,201	
Alaska	$6,835		$475		$0		$7,310	
Arizona	$6,800		$700		$0		$7,500	
Arkansas	$11,761		$1,307		$1,358		$14,427	
California	$88,381		$5,035		$8,602		$102,018	
Colorado	$23,525		$3,391		$3,330		$30,246	
Connecticut	$40,026		$3,731		$0		$43,757	
Delaware	$5,459		$572		$0		$6,030	
D. C.	$5,486		$610		$0		$6,095	
Florida	$21,782		$2,591		$2,545		$26,917	
Georgia	$18,427		$1,879		$1,980		$22,286	
Hawaii	$2,626		$122		$0		$2,749	
Idaho	$10,342		$810		$1,288		$12,440	
Illinois	$117,232		$3,001		$0		$120,233	
Indiana	$50,518	(5)	$3,921		$0		$54,438	
Iowa	$35,466		$2,770		$0		$38,236	
Kansas	$13,807		$1,770		$1,599		$17,177	
Kentucky	$24,344		$2,003		$2,833		$29,180	
Louisiana	$18,969		$1,153		$1,640		$21,761	
Maine	$25,668		$2,373		$174		$28,215	
Maryland	$31,857		$2,999		$0		$34,857	
Massachusetts	$86,877	(5)	$0		$0		$86,877	
Michigan	$91,087		$9,580		$10,300		$110,967	
Minnesota	$70,925		$7,824		$4,000		$82,749	
Mississippi	$13,911		$1,261		$0		$15,171	
Missouri	$36,408		$3,929		$4,339		$44,676	
Montana	$12,500		$1,200		$2,019		$15,719	
Nebraska	$16,654		$764		$1,907		$19,325	
Nevada	$3,127		$372		$365		$3,863	
New Hampshire	$14,896		$1,667		$0		$16,563	
New Jersey	$62,321		$6,165		$7,270		$75,757	
New Mexico	$8,799	(5)	$850		$0		$9,649	
New York	$214,520		$21,900		$15,350		$251,770	
N. Carolina	$32,400		$2,359		$1,278		$36,037	
N. Dakota	$12,349		$1,208		$1,523		$15,079	
Ohio	$94,589		$7,656		$0		$102,245	
Oklahoma	$14,079	(5)	$1,556		$0		$15,635	
Oregon	$21,260		$2,660		$2,332		$26,251	
Pennsylvania	$146,401		$12,645		$0		$159,045	
Rhode Island	$13,743		$1,257		$0		$15,000	
S. Carolina	$11,650		$1,249		$0		$12,899	
S. Dakota	$11,087		$570		$1,214		$12,871	
Tennessee	$22,523		$2,389		$2,421		$27,333	
Texas	$47,917		$1,900		$4,150		$53,967	
Utah	$13,137		$1,340		$1,903		$16,380	
Vermont	$11,065		$1,233		$30		$12,328	
Virginia	$32,590		$3,689		$0		$36,280	
Washington	$29,600		$3,700		$3,697		$36,997	
W. Virginia	$17,247		$1,132		$750		$19,128	
Wisconsin	$61,090		$3,670		$2,500		$67,260	
Wyoming	$5,147		$222		$560		$5,929	

Data Sources: Expenditure data for states are derived primarily from a telephone survey conducted in January 1984.

(1) Heating or cooling assistance, energy crisis intervention, or weatherization.
(2) Funds for administration at the federal level: $1,901(000).
(3) Funds transferred to other block grants.
(4) Includes $133,423(000) carried over from FY 1984, but not $156,590(000) carried over to FY 1985.
Also net of $17,502(000) direct grants to 129 Indian tribes.
allotments for FY 1984 are as follows: American Samoa-$44,725, Commonwealth of Puerto Rico-$2,434,065, Commonwealth of the Northern Mariana-$34,058, Guam-$98,056, Trust Territory of the Pacific Islnds-$103,391, and the Virgin Islands-$92,725. Guam and TTPI consolidated their LIHEAP funds under the Social Services block grant and Public Health and Health Services block grant respectively.
(5) Additional state funds were spent under LIHEAP.

IX. A. FY 85 RECIPIENT CHARACTERISTICS
13.818 LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

	Units Served	(1)	Elderly	(2)	Handicapped or Disabled	(2)
United States	6,632,788	(3)	2,186,236	(4)	929,477	(4)
Alabama	88,627		32,945		6,216	
Alaska	11,372		1,800		802	
Arizona	34,072		9,506		11,244	
Arkansas	73,822		31,747		8,907	
California	434,448		143,755		140,261	
Colorado	55,403		13,694		7,695	
Connecticut	76,140		20,515		4,478	
Delaware	13,238		4,662		964	
D. C.	14,268		6,004		5,470	
Florida	157,749		61,585		28,851	
Georgia	91,707		51,202		22,765	
Hawaii	26,969		5,900		6,624	
Idaho	40,971		9,795		4,400	
Illinois	364,108		90,024		53,602	
Indiana	151,271		67,272		17,984	
Iowa	106,556		36,611		16,732	
Kansas	46,511		22,360		9,382	
Kentucky	113,778		33,996		21,619	
Louisiana	124,589		2,315		2,371	
Maine	60,741		25,097		11,872	
Maryland	89,833		25,284		6,532	
Massachusetts	142,769		48,354		18,849	
Michigan	305,943		127,102		6,763	
Minnesota	134,382		39,479		19,568	
Mississippi	63,085		22,711		11,355	
Missouri	147,173		61,421		18,851	
Montana	22,460		4,739		3,279	
Nebraska	37,103					
Nevada	11,339		7,111		1,265	
New Hampshire	26,546		10,502		5,913	
New Jersey	190,593		67,089		21,883	
New Mexico	55,857		13,687		883	
New York	991,820		294,288		73,858	
N. Carolina	160,800		65,807		29,151	
N. Dakota	20,107		5,075		2,237	
Ohio	423,635		103,451		85,616	
Oklahoma	84,451		30,841		7,871	
Oregon	87,797		25,872		16,904	
Pennsylvania	356,510		126,542		22,736	
Rhode Island	29,655		8,355		3,458	
S. Carolina	84,351		50,532		19,194	
S. Dakota	23,068		8,098		3,680	
Tennessee	82,918		62,357		34,866	
Texas	296,048		121,115		29,886	
Utah	42,841		10,599		7,209	
Vermont	20,038		5,796		3,219	
Virginia	113,553		37,329		29,631	
Washington	113,156					
W. Virginia	73,352		21,764		3,410	
Wisconsin	214,091		55,764		36,159	
Wyoming	14,002					
No. Mariana Islands	66					
Puerto Rico	86,282					
Virgin Islands	824		349		20	

Data Sources: Voluntary state reports.

(1) State data represent unduplicated annual count for households receiving heating assistance.
Territorial data are households receiving home energy assistance.
Additional qualifications of this data may be found in Low Income Home Energy Assistance Program: Report to Congress for Fiscal Year 1985.
(2) For most states, the definition of 'elderly' was 60 years. Definitions of 'handicapped' and 'disabled' varied from state to state.
(3) Does not include households assisted by direct grant Indian tribal programs.
(4) Households with such members.

IX. B. FY 84 RECIPIENT CHARACTERISTICS
13.818 LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

	Units Served	(1)	Elderly	(2)	Handicapped or Disabled	(2)
United States	6,530,644	(3)	2,168,174	(4)	842,453	(4)
Alabama	58,510		22,959		3,160	
Alaska	13,783		1,837		1,185	
Arizona	22,629		6,913		7,323	
Arkansas	69,145		29,297		7,855	
California	276,076		77,191		51,378	
Colorado	62,023		16,176		8,925	
Connecticut	64,430		18,556		7,306	
Delaware	13,579		4,508		1,718	
D. C.	13,064		7,507		3,620	
Florida	156,266		54,131		32,800	
Georgia	94,126		54,254		24,313	
Hawaii	27,751		3,902		7,332	
Idaho	38,269		9,579		4,405	
Illinois	405,495		121,649		56,769	
Indiana	175,861		60,672		25,693	
Iowa	102,127		36,163		14,083	
Kansas	48,662		23,066		10,020	
Kentucky	32,830		23,007		12,876	
Louisiana	126,775					
Maine	53,368		23,936		11,522	
Maryland	86,252		23,849		6,003	
Massachusetts	149,308		49,003		17,992	
Michigan	342,834		147,179		2,948	
Minnesota	139,345		41,971		19,285	
Mississippi	81,643		61,110		27,154	
Missouri	152,660		53,660		18,044	
Montana	20,755		4,730		2,989	
Nebraska	37,762		11,162		3,591	
Nevada	10,188		6,619		2,555	
New Hampshire	26,568		9,825		5,954	
New Jersey	190,567		64,869		16,446	
New Mexico	50,727		12,748		827	
New York	1,005,845		257,496		73,829	
N. Carolina	160,463		61,794		26,589	
N. Dakota	18,411		4,879		2,163	
Ohio	441,036		123,490			
Oklahoma	78,889		31,721		7,605	
Oregon	87,045		26,740		15,485	
Pennsylvania	420,548		141,767		27,420	
Rhode Island	31,400		8,616		3,916	
S. Carolina	84,235		48,553		19,037	
S. Dakota	21,232		8,032		3,599	
Tennessee	85,545		60,378		35,150	
Texas	304,203					
Utah	41,678		10,369		6,706	
Vermont	21,872		6,153		3,130	
Virginia	113,299		36,074		27,634	
Washington	108,828		13,277		12,722	
W. Virginia	72,168		17,436		5,651	
Wisconsin	189,278		51,105		31,344	
Wyoming	14,284					
American Somoa	182					
No. Mariana Islands	146					
Puerto Rico	86,042					
Virgin Islands	637					

Data Sources: Voluntary state reports.

(1) State data represent unduplicated annual count of households receiving heating assistance. Territorial data are households receiving home energy assistance. Additional qualifications of this data may be found in Low Income Home Energy Assistance Program: Report to Congress for Fiscal Year 1984.
(2) For most states, the definition of 'elderly' was 60 years. Definitions of 'handicapped' and 'disabled' varied from state to state.
(3) Does not include households assisted by direct grant Indian tribes.
(4) Households with such members.

X. A. MEAN FY 85 COSTS PER UNIT SERVED (1)
13.818 LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

		Benefits	
United States		$224	
Alabama		$115	
Alaska		$526	
Arizona		$143	
Arkansas		$116	
California		$137	
Colorado		$354	
Connecticut		$520	
Delaware		$318	
D. C.		$336	
Florida		$138	
Georgia		$170	
Hawaii		$58	
Idaho		$275	
Illinois		$265	
Indiana		$280	
Iowa		$279	
Kansas		$213	
Kentucky		$135	
Louisiana		$64	
Maine		$340	
Maryland		$273	
Massachusetts		$587	
Michigan		$129	
Minnesota		$457	
Mississippi		$187	
Missouri		$243	
Montana		$437	
Nebraksa		$409	
Nevada		$205	
New Hampshire		$454	
New Jersey		$312	
New Mexico		$167	
New York		$190	
N. Carolina		$176	
N. Dakota		$621	
Ohio		$181	
Oklahoma		$134	
Oregon		$195	
Pennsylvania		$313	
Rhode Island		$256	
S. Carolina		$123	
S. Dakota		$359	
Tennessee		$250	
Texas		$67	
Utah		$265	
Vermont		$440	
Virginia		$324	
Washington		$181	
W. Virginia		$160	
Wisconsin		$311	
Wyoming		$345	

Data Sources: Telephone survey conducted in January 1985.

(1) Mean benefits for heating assistance only. State data do not include direct grant Indian tribal data.

X. B. MEAN FY 84 COSTS PER UNIT SERVED (1)
13.818 LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

	Benefits
United States	$213
Alabama	$139
Alaska	$428
Arizona	$177
Arkansas	$116
California	$172
Colorado	$290
Connecticut	$555
Delaware	$303
D. C.	$257
Florida	$111
Georgia	$159
Hawaii	$82
Idaho	$220
Illinois	$234
Indiana	$260
Iowa	$289
Kansas	$186
Kentucky	$212
Louisiana	$64
Maine	$401
Maryland	$277
Massachusetts	$585
Michigan	$133
Minnesota	$466
Mississippi	$145
Missouri	$200
Montana	$472
Nebraksa	$333
Nevada	$244
New Hampshire	$453
New Jersey	$285
New Mexico	$199
New York	$174
N. Carolina	$162
N. Dakota	$606
Ohio	$136
Oklahoma	$142
Oregon	$196
Pennsylvania	$269
Rhode Island	$263
S. Carolina	$102
S. Dakota	$411
Tennessee	$195
Texas	$77
Utah	$266
Vermont	$403
Virginia	$261
Washington	$184
W. Virginia	$180
Wisconsin	$257
Wyoming	$359

Data Sources: Telephone survey conducted in January 1985.

(1) Mean benefits for heating assistance only. State data do not include direct grant Indian tribal data.

XI. HISTORICAL DATA (Dollars in thousands)
13.818 LOW INCOME HOME ENERGY ASSISTANCE PROGRAM

Federal Fiscal Year	Total Federal Outlays	Households Served	(1)	Persons Served	(2)	Federal Staff	(3)
1985	$2,139,300	8,159,818		20,399,545		34	
1984	$2,023,700	8,154,757		20,386,893		36	
1983	$1,990,900	8,424,340		21,060,850		40	
1982	$1,684,700	8,203,240		20,508,100		40	
1981	$1,653,400	7,500,188		18,750,470		75	
1980	$1,179,600	4,322,000		10,805,000	(4)		
1979	$185,000						
1978	$193,000						
1977	$110,000						
1976							
1975							
1974							
1973							
1972							
1971							
1970							
1969							
1968							
1967							
1966							
1965							
1964							
1963							
1962							
1961							
1960							

Data Sources: "The 1980 Low Income Energy Assistance Program: A Review and Assessment" The Reports to Congress for Fiscal Years 1981 through 1985. Outlay figures were supplied by the Office of Management and Budget.

(1) Unduplicated counts are unavailable. The counts provided are the sum of the number of units served in states by each component. They do not include households assisted by either tribal programs or territorial programs.

FY	HEATING	CRISIS	COOLING	WEATHERIZATION
1985	6,545,616	885,005	511,333	217,864
1984	6,443,637	992,774	537,598	180,748
1983	6,414,448	998,236	529,036	482,620
1982	5,990,176	707,173	1,075,061	430,830

	HEATING	COOLING	HOME ENERGY
1981	7,098,021	370,397	31,770

(2) Estimated based on national average LIHEAP household of 2.5 persons. Like the household estimates, the number does not represent an unduplicated count.
(3) FTE's are used for FY 1983 through FY 1985. FTP's are used for FY 1981 and 1982.
(4) Information on units and persons served for FY 1980 is only available on the $800 million spent on block grant programs administered by the Department of Health and Human Services. This figure is not unduplicated.

INTEREST REDUCTION PAYMENTS (SECTION 236)

I. PROGRAM SUMMARY

Under Section 236 of the Housing Act of 1949, as amended, the Department of Housing and Urban Development provides federal funds to subsidize and insure mortgages on rental and cooperative housing in order to lower housing costs for persons of low and moderate incomes. The Section 236 program pays the difference between a one percent mortgage and the actual interest rate of the mortgage on the property; the owner, in turn, passes on the savings that result in the form of lower rents for low and moderate income tenants.

The Section 236 program was authorized in 1968 and was suspended -- along with several other major subsidized housing programs -- in 1973. No new projects have been approved since 1973, but the commitments made between 1968 and 1973 continue to be honored. In FY 1985, about 492,000 rental units housing about 1.4 million persons were subsidized at a total federal cost of about $619 million.

Benefits take the form of assistance payments to the rental housing owner. The amount of assistance is derived from the fair market rent, the basic rent, and the adjusted income of the tenant. The fair market rent is the operating cost of the unit with the mortgage at the full market rate; the basic rent is the cost with a one percent mortgage. A tenant's adjusted income, generally, is gross cash income minus deductions based on the number of household members under 18 or who are aged or disabled, medical expenses, and child care expenses necessary for work or education-related activities. The tenant must pay either the basic rent or 30 percent of adjusted income, whichever is greater, but not more than the fair market rent. In other words, the Section 236 assistance payment makes up the difference between what the tenant pays and the fair market rent. In FY 1985, the average assistance payment was about $105 a month.

To qualify for Section 236 assistance payments, the household income of the tenant cannot exceed 80 percent of the area median income. All income is recertified annually and the assistance payment is redetermined; income eligibility, however, is not subject to re-examination once established. The program is open to all families and individuals without regard to age, but the law limits to 15 percent the proportion of units available to non-elderly singles.

II. ADMINISTRATION

A. Program name: Interest Reduction Payments (Section 236).

B. Catalog of Federal Domestic Assistance No.: 14.103
Budget account number(s): 86-0148-0-1-604.

C. Current authorizing statute: Section 236 of the National Housing Act of 1934, as amended.

D. Location of program regulations in the Code of Federal Regulations: 24 CFR 236.

E. Federal administering agency: Department of Housing and Urban Development.

F. Primary grantee (if any) receiving program funds to provide benefits: States and mortgagees.

G. Subgrantee (if any) receiving program funds to provide benefits: Private nonprofit organizations; private for-profit organizations.

H. Allocation of federal funds.

Prior to 1984, available funds were allocated based on the fair share formulas which took into account population, poverty population, housing vacancies overcrowding and substandard housing. Since 1984, the limited funds available have been allocated based upon expressions of interest by builders.

I. Role of state and local governments in administering the program.

For state agency non-insured projects, the state agency administers the program.

J. Audit or quality control.

HUD reserves the right to audit accounts in order to determine their compliance and conformance with regulations and standards. Mortgagees are required to maintain records in accordance with acceptable practices and HUD regulations; regular financial reports are required.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The objective of the program is to reduce the cost of rental housing for low and moderate income families.

B. Allocation of program funds among activities.

Funds are allocated among projects for the elderly and handicapped, projects with Rental Assistance Programs, Section 8 Loan Management Set-Aside, and with Rent Supplement. An estimated 20 percent of projects are exclusively for the elderly or the handicapped.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

An eligible family is two or more people related by blood, marriage, or act of law, or single people who are 62 years or older, or have a physical handicap.

B. Income eligibility standards.

To qualify for Section 236 assistance payments, household income may not exceed 80 percent of the area median income.

Earned income, except for family members under 18, is counted in full for eligibility and benefit determinations. All income is recertified annually and benefits are redetermined. However, income eligibility is not subject to reexamination.

Unearned income, particularly from private sources, is counted fully for eligibility and benefits. Types of unearned income that are excluded include Food Stamps, payments received for the care of foster children, relocation payments, interest in Indian trust lands, payments under the Alaska Native Claims Settlement Act, payments under the Domestic Volunteer Service Act, Low Income Home Energy Assistance payments, Job Training Partnership Act benefits, amounts that reimburse medical expenses including Medicaid, educational scholarships and veterans' benefits that cover tuition, fees, books, and equipment.

There is no specific limit on assets. However, for families with assets over $5,000, income from assets is calculated as the greater of the actual income derived from assets, or the imputed value of the assets, based on the current passbook savings rate. Families with assets less than $5,000 must include only the actual income derived from the assets. Certain "necessary items," such as furniture and automobiles, are excluded.

C. Other eligibility requirements.

In projects built specifically for the elderly, age and ability to care for one's self are eligibility requirements.

The project owner must be satisfied that the tenant is financially capable of meeting his or her monthly rental obligation as well as being an acceptable tenant.

D. Other income a recipient unit is required or expected to spend to receive benefits.

The rent payable by a qualified tenant is the greater of the basic rent or up to 30 percent of adjusted monthly income, but no more than the market rent. A utility allowance may be given to tenants who pay utilities directly. But the allowance may not reduce rent below 25 percent of adjusted monthly income.

V. BENEFITS AND SERVICES

A. Program intake processes.

All intake is by voluntary application.

B. Program benefits or services.

HUD pays the mortgagee, on behalf of the tenant, the amount of the rent above the base rent, up to fair market rent. Rent collected by the mortgagor from the tenant in excess of the base rent is returned to HUD.

Gross rent paid by the tenant is the highest of: (a) 30 percent of "adjusted" income; (b) 10 percent of gross income; (c) that portion of a family's welfare (AFDC or GA) payment, if any, designated for housing, if the payment is adjusted according to the family's actual housing costs.

Gross income is adjusted by the following deductions: $480 per year for each household member (except the head or spouse) who is either under 18 years of age, 18 or more years old and disabled, or a full-time student; $400 per year for an elderly family, defined as a family whose head or spouse is a person 62 or more years old, disabled, or handicapped; medical expenses of an elderly family over three percent of gross income; handicapped assistance expenses; and amounts paid for child care to enable a family member to work or to further his or her education (up to the amount of income earned as a result.

These rules for determining rent are governed by the statute and are applied to individual cases by the project sponsor.

C. Duration of benefits.

The mortgage and subsidy are for 40 years, but the mortgage can be prepaid with the consent of HUD after certain prerequisites are met.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

None.

B. Counting assistance from other programs.

Assistance from cash welfare programs is counted for eligibility and benefit determination purposes. Program rules in this program prohibit counting the income or resources provided by the government for payments to veterans for school tuition, fees, books, equipment. Other amounts excluded by federal statute include Relocation payments under Uniform Relocation Assistance, Food Stamps, and payments under Volunteers under Domestic Volunteer Service Act, Alaskan Native Claims Settlement Act, and from Indian trust lands. The statute also excludes benefits from the Foster Care, Low Income Home Energy Assistance, and Job Training Partnership Act programs.

C. Overlapping authorities and benefits.

Recipients of cash public assistance, which includes aid for housing costs, may receive Section 236 subsidies.

A tenant under the Loan Management Set-Aside Section 8 program or a tenant with a Section 8 certificate may live in a Section 236 project. The tenant must qualify under Section 236 as well as Section 8. HUD pays the owner the difference between 30 percent of the tenant's adjusted income and the base rent, and HUD pays the mortgagee the difference between base rent and fair market rent.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Banking, Housing and Urban Affairs
    Subcommittee on Housing and Urban Affairs

House of Representatives

Committee on Banking, Finance and Urban Affairs
    Subcommittee on Housing and Community Development

B. Appropriating subcommittees.

Senate

Subcommittee on HUD - Independent Agencies

House of Representatives

Subcommittee on HUD - Independent Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

The Housing and Urban Development Act of 1968, Pub. L. 90-448, added to the National Housing Act section 236, which provided for mortgage insurance and assistance payments to lower the mortgage interest on assistance or rehabilitation of rental units, and so lowered rents.

Housing and Community Development Act of 1974. Authorized a "deep subsidy" program (called the Rental Assistance Payments Program) designed to aid the very low income families in Section 236 projects by permitting HUD to provide additional subsidies equal to the difference between the base rent and 25-30 percent of income for a certain percentage of units. Generally, 20-40 percent of the units in a project were deemed eligible, but there could be exceptions should the Secretary determine that a higher or lower percentage were needed to assure an adequate income mix for economic viability.

The Housing and Community Development Amendments of 1981 revised tenant contribution requirements and the schedule for tenant recertification that is consistent for the Public Housing, Section 8, Section 236, and Rent Supplement programs.

Eligibility was limited to families who are lower income families at the time of initial occupancy (those families whose incomes do not exceed 80 percent of median).

In no case may a Section 236 rental payment be reduced below the amount of utility costs attributable to the tenant's unit.

The amendments also prohibited HUD from making financial assistance available for the benefit of ineligible aliens.

E. Major federal implementing regulations and regulatory changes.

January 5, 1973 moratorium. New contract approvals were discontinued, except for bona fide commitments outstanding at that time and for amendments to prior contracts.

24 CFR Part 200 - May 1984

Rule revising Minimum Property Standards for Multifamily Housing by eliminating unnecessary requirements and deleting health and safety requirements in favor of provisions in national model codes and state and local codes.

24 CFR Part 245 - August 12, 1985

Provided an opportunity for tenants to comment on requests by project owners for HUD approval of certain owner actions: conversion from project paid utilities to tenant paid utilities or reduction in tenant utility allowances; conversion of residential units to nonresidential use, cooperative housing or condominiums; partial release of mortgage security; major capital improvements to the project.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (in thousands) (1)
14.103 INTEREST REDUCTION PAYMENTS (SECTION 236)

		Benefits(2)	(3)
United States		$619,082	
Alabama		$6,326	
Alaska		$837	
Arizona		$4,556	
Arkansas		$3,708	
California		$63,309	
Colorado		$8,382	
Connecticut		$12,723	
Delaware		$709	
D. C.		$5,850	
Florida		$22,415	
Georgia		$14,458	
Hawaii		$2,765	
Idaho		$1,003	
Illinois		$19,737	
Indiana		$17,380	
Iowa		$3,823	
Kansas		$4,066	
Kentucky		$8,266	
Louisiana		$8,096	
Maine		$2,084	
Maryland		$18,789	
Massachusetts		$34,526	
Michigan		$32,502	
Minnesota		$10,763	
Mississippi		$3,684	
Missouri		$9,863	
Montana		$2,757	
Nebraska		$2,128	
Nevada		$2,467	
New Hampshire		$2,413	
New Jersey		$22,297	
New Mexico		$2,284	
New York		$98,391	
N. Carolina		$8,578	
N. Dakota		$1,079	
Ohio		$30,236	
Oklahoma		$6,008	
Oregon		$4,358	
Pennsylvania		$23,558	
Rhode Island		$4,180	
S. Carolina		$6,326	
S. Dakota		$1,382	
Tennessee		$10,084	
Texas		$28,852	
Utah		$1,160	
Vermont		$200	
Virginia		$17,879	
Washington		$6,432	
W. Virginia		$2,381	
Wisconsin		$7,575	
Wyoming		$415	
Guam		$0	
Puerto Rico		$4,360	
Virgin Islands		$702	

Data Sources: HUD Housing Budget Information.

(1) Other federal outlays for federal administration chargeable to this program but not this budget account for FY 85 were $2,720(000).
(2) Benefits are outlays under the Section 236 program to families receiving subsidies. State funds are not involved.
(3) Estimates of spending by state are based on the national average cost per unit in 1985 ($1,257) and units estimated in Table IX.A. However, many units receive no subsidy.

VIII B. TOTAL FY 84 PROGRAM SPENDING (in thousands) (1)
14.103 INTEREST REDUCTION PAYMENTS (SECTION 236)

		Benefits(2)	(3)
United States		$657,503	
Alabama		$6,714	
Alaska		$889	
Arizona		$4,836	
Arkansas		$3,935	
California		$67,193	
Colorado		$8,896	
Connecticut		$13,504	
Delaware		$753	
D. C.		$8,209	
Florida		$23,790	
Georgia		$15,345	
Hawaii		$2,934	
Idaho		$1,065	
Illinois		$20,948	
Indiana		$18,446	
Iowa		$4,058	
Kansas		$4,315	
Kentucky		$8,773	
Louisiana		$8,593	
Maine		$2,212	
Maryland		$19,942	
Massachusetts		$36,644	
Michigan		$34,496	
Minnesota		$11,580	
Mississippi		$3,888	
Missouri		$10,468	
Montana		$3,006	
Nebraska		$2,259	
Nevada		$2,618	
New Hampshire		$2,561	
New Jersey		$23,665	
New Mexico		$2,425	
New York		$104,428	
N. Carolina		$9,104	
N. Dakota		$1,145	
Ohio		$32,091	
Oklahoma		$6,577	
Oregon		$4,625	
Pennsylvania		$25,003	
Rhode Island		$4,437	
S. Carolina		$8,714	
S. Dakota		$1,466	
Tennessee		$10,703	
Texas		$30,622	
Utah		$1,232	
Vermont		$212	
Virginia		$18,976	
Washington		$6,827	
W. Virginia		$2,527	
Wisconsin		$8,040	
Wyoming		$440	
Guam		$0	
Puerto Rico		$4,628	
Virgin Islands		$745	

Data Sources: HUD Housing Budget Information.

(1) Other federal outlays for federal administration chargeable to this program but not to this budget account for FY 84 were $2,623(000).
(2) Benefits are outlays under the Section 236 program to families receiving subsidies. State funds are not involved.
(3) Estimates of spending by state are based on the national average cost per unit in 1984 ($1,334) and units estimated in Table IXB. However, many units receive no subsidy.

IX. A. FY 85 RECIPIENT CHARACTERISTICS
14.103 INTEREST REDUCTION PAYMENTS (SECTION 236)

	Units Served	(1)	All Persons (1)	(2)	Elderly	
United States	492,421	(3)	1,378,779		81,244	(4)
Alabama	5,032		14,090		398	
Alaska	666		1,865		33	
Arizona	3,624		10,147		880	
Arkansas	2,949		8,257		96	
California	50,356		140,997		15,671	
Colorado	6,667		18,668		2,534	
Connecticut	10,120		28,336		3,435	
Delaware	564		1,579		377	
D. C.	4,653		13,028		113	
Florida	17,829		49,921		7,670	
Georgia	11,500		32,200		3,201	
Hawaii	2,199		6,157		325	
Idaho	798		2,234			
Illinois	15,699		43,957		1,782	
Indiana	13,824		38,707		712	
Iowa	3,041		8,515		462	
Kansas	3,234		9,055		428	
Kentucky	6,575		18,410		2,032	
Louisiana	6,440		18,032		227	
Maine	1,658		4,642		361	
Maryland	14,945		41,846		2,187	
Massachusetts	27,462		76,894		3,405	
Michigan	25,852		72,386		4,117	
Minnesota	8,561		23,971		794	
Mississippi	2,914		8,159		208	
Missouri	7,845		21,966		2,107	
Montana	2,193		6,140		998	
Nebraska	1,693		4,740		364	
Nevada	1,962		5,494		116	
New Hampshire	1,919		5,373		80	
New Jersey	17,735		49,658		725	
New Mexico	1,817		5,088		60	
New York	78,261		219,131		2,604	
N. Carolina	6,823		19,104		395	
N. Dakota	858		2,402		156	
Ohio	24,050		67,340		4,056	
Oklahoma	4,779		13,381		447	
Oregon	3,468		9,705		275	
Pennsylvania	18,738		52,466		6,089	
Rhode Island	3,325		9,310		1,168	
S. Carolina	5,032		14,090		308	
S. Dakota	1,099		3,077		122	
Tennessee	8,021		22,459		1,772	
Texas	22,949		64,257		2,006	
Utah	923		2,584			
Vermont	159		445		39	
Virginia	14,221		39,819		832	
Washington	5,116		14,325		2,037	
W. Virginia	1,894		5,303		321	
Wisconsin	6,025		16,870		2,452	
Wyoming	330		924			
Puerto Rico	3,468		9,710		269	
Virgin Islands	558		1,562			

Data Sources: HUD Housing Information Systems Division.

(1) Based on unduplicated annual count.
(2) State by state estimates are based on a nationwide average of 2.8 persons per unit.
(3) These figures do not match those in Table XI because the information comes from two irreconcilable data sources.
(4) These numbers represent units occupied by elderly households (including handicapped/disabled households).

IX. B. FY 84 RECIPIENT CHARACTERISTICS
14.103 INTEREST REDUCTION PAYMENTS (SECTION 236)

	Units Served	(1)	All Persons (1)	(2)	Elderly	
United States	492,748	(3)	1,379,694		81,304	(4)
Alabama	5,032		14,090		398	
Alaska	666		1,865		33	
Arizona	3,624		10,147		880	
Arkansas	2,949		8,257		96	
California	50,356		140,997		15,671	
Colorado	6,667		18,668		2,534	
Connecticut	10,120		28,338		3,435	
Delaware	564		1,579		377	
D. C.	4,653		13,028		113	
Florida	17,829		49,921		7,670	
Georgia	11,500		32,200		3,201	
Hawaii	2,199		6,157		325	
Idaho	798		2,234			
Illinois	15,699		43,957		1,782	
Indiana	13,824		38,707		712	
Iowa	3,041		8,515		462	
Kansas	3,234		9,055		428	
Kentucky	6,575		18,410		2,032	
Louisiana	6,440		18,032		227	
Maine	1,658		4,642		361	
Maryland	14,945		41,846		2,187	
Massachusetts	27,462		76,894		3,405	
Michigan	25,852		72,386		4,117	
Minnesota	8,678		24,298		794	
Mississippi	2,914		8,159		208	
Missouri	7,845		21,966		2,107	
Montana	2,253		6,308		1,056	
Nebraska	1,693		4,740		364	
Nevada	1,962		5,494		116	
New Hampshire	1,919		5,373		80	
New Jersey	17,735		49,658		725	
New Mexico	1,817		5,088		60	
New York	78,261		219,131		2,604	
N. Carolina	6,823		19,104		395	
N. Dakota	858		2,402		156	
Ohio	24,050		67,340		4,056	
Oklahoma	4,929		13,801		447	
Oregon	3,466		9,705		275	
Pennsylvania	18,738		52,466		6,089	
Rhode Island	3,325		9,310		1,168	
S. Carolina	5,032		14,090		308	
S. Dakota	1,099		3,077		122	
Tennessee	8,021		22,459		1,772	
Texas	22,949		64,257		2,006	
Utah	923		2,584			
Vermont	159		445		39	
Virginia	14,221		39,819		832	
Washington	5,116		14,325		2,037	
W. Virginia	1,894		5,303		321	
Wisconsin	6,025		16,870		2,452	
Wyoming	330		924			
Puerto Rico	3,468		9,710		269	
Virgin Islands	558		1,562			

Data Sources: HUD Housing Information Systems Division.

(1) Based on unduplicated annual count.
(2) State by state estiamtes are based on a nationwide average of 2.8 persons per unit.
(3) These figures do not match those in Table XI because the information comes from two irreconcilable data sources.
(4) These numbers represent units occupied by elderly households (including handicapped/disabled households).

X. A. MEAN FY 85 COSTS PER UNIT SERVED (1)
14.103 INTEREST REDUCTION PAYMENTS (SECTION 236)

	Benefits	(2)
United States	$1,257	

Data Sources: HUD Housing Budget Information and Housing Information Systems Division.

(1) Based on unduplicated annual count
(2) The number of units used for this calculation is the number associated with outlays under the Section 236 program. Many of the 492,421 units in Table IX.A. receive no subsidy.

X. B. MEAN FY 84 COSTS PER UNIT SERVED (1)
14.103 INTEREST REDUCTION PAYMENTS (SECTION 236)

	Benefits	(2)
United States	$1,334	

Data Sources: HUD Housing Budget Information and Housing Information Systems Division.

(1) Based on unduplicated annual count.
(2) The number of units used for this calculation is the number associated with outlays under the Section 236 program. Many of the 492,748 units in Table IX.B. receive no subsidy.

XI. HISTORICAL DATA (Dollars in thousands)
14.103 INTEREST REDUCTION PAYMENTS (SECTION 236)

Federal Fiscal Year	Total Federal Outlays	Units Served (1)	Federal Staff (2)
1985	$619,082	527,978	70
1984	$657,503	530,735	70
1983	$637,549	533,469	70
1982	$669,590	536,531	70
1981	$665,450	537,206	71
1980	$656,053	538,285	71
1979	$638,107	541,460	73
1978	$616,924	544,515	78
1977	$585,001	543,360	85
1976	$642,641	447,126	152
1975	$391,949	400,360	144
1974	$273,666	293,831	255
1973	$170,304	191,261	613
1972	$79,784	98,699	719
1971	$13,242	32,322	611
1970	$679	5,437	288
1969			5
1968			
1967			
1966			
1965			
1964			
1963			
1962			
1961			
1960			

Data Sources: HUD Housing Budget Information.

(1) Based on unduplicated annual count.
(2) Based on full time employees.

HOMEOWNERSHIP ASSISTANCE PROGRAM (SECTION 235)

I. PROGRAM SUMMARY

Under Section 235 of the Housing Act of 1949, as amended, the Department of Housing and Urban Development (HUD) provides federal funds to subsidize and insure the mortgages of low and moderate income home buyers. State and local governments play no role in administering the program. Under the Section 235 program, HUD makes monthly payments to lenders on behalf of the assisted home buyers and, in effect, provides eligible families with low cost financing that enables them to purchase new or substantially rehabilitated homes.

The Section 235 program was first authorized in 1968 and was suspended -- along with several other major subsidized housing programs -- in 1973. In 1976, a revised Section 235 program became effective and, with subsequent amendments, remains in operation. Both the original and revised programs contain special provisions. This summary focuses on the primary or regular Section 235 program as revised.

Eligibility is limited to low or moderate income families, handicapped persons, and persons at least age 62. With some exceptions, the adjusted annual incomes of participants may not exceed 95 percent of the median family income for the area. All cash income, regardless of source, including public assistance, is counted as gross income. The adjustments to annual income exclude 5 percent of gross income, all earnings of minor children living at home, and $300 for each dependent child. Applicants must be able to make a three percent down payment and to pay certain closing costs; applicants must also meet normal underwriting standards dealing with credit history, the size of housing payments, and installment debt relative to income.

Benefits take the form of monthly payments to the lender on behalf of the assisted home buyer. In general, the HUD subsidy is limited to the lesser of: (a) the amount needed to reduce the effective interest rate on the mortgage down to four percent; or (b) the difference between the full market cost of the housing and 20 percent of the buyer's adjusted annual income (28 percent if purchased after November 30, 1983). In FY 1985, HUD subsidized 200,471 homes at a total federal cost of about $268 million.

Eligible housing units are limited to single family units under construction or substantially rehabilitated after October 17, 1975. Mortgage amounts are limited to $40,000 or $47,500 if the unit has four or more bedrooms. All assistance on units purchased after May 8, 1981 is subject to recapture when the unit is sold or rented for longer than one year.

II. ADMINISTRATION

A. Program name: Homeownership Assistance Program (Section 235).

B. Catalog of Federal Domestic Assistance No.: 14.105* (This program has been dropped from the CFDA.) Budget account number(s): 86-0148-0-1-604.

C. Current authorizing statute: Section 235 of the National Housing Act (12 U.S.C. 1715z).

D. Location of program regulations in the Code of Federal Regulations: 24 CFR Part 235.

E. Federal administering agency: Federal Housing Authority, Department of Housing and Urban Development.

F. Primary grantee (if any) receiving program funds to provide benefits: Private for-profit organizations.

G. Subgrantee (if any) receiving program funds to provide benefits: None.

H. Allocation of federal funds.

Prior to 1984, available funds were allocated based on the fair share formulas reflecting such factors as population, population via incomes below poverty, housing vacancies, overcrowding, and substandard housing.

I. Role of state and local governments in administering the Program. None.

J. Audit or quality control.

Mortgagees bill HUD monthly for Section 235 assistance by submitting vouchers. HUD requires that mortgagees maintain complete records in support of their billings with the accuracy of the billings being subject to periodic review and audit.

HUD field staff monitor and maintain oversight over mortgage servicing activities. During the review of mortgage servicing activities, HUD field staff review mortgagee assistance payment calculations as well as billing processes. Whenever overpaid assistance is noted during a review, mortgagees are required to immediately refund the overpayment to HUD. On the other hand, if there are underpayments of assistance, mortgagees are advised to bill HUD for the amount.

Audits conducted by HUD's Office of Inspector General have determined that there is a need for tighter controls over the mortgagee billing process to make certain that assistance payments billed for are valid and accurate. HUD's Office of Finance and Accounting is in the process of implementing tighter controls.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The objective of the program is to provide eligible families with low cost financing that enables them to purchase new or substantially rehabilitated homes.

B. Allocation of program funds among activities.

No more than 15 percent of units in a project may be occupied by single individuals who are not elderly.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

An eligible family is two or more people related by blood, marriage, or act of law, a single person 62 or older, or a single person with a physical handicap.

B. Income eligibility standards.

Incomes are limited to 95 percent of the area (county or Standard Metropolitan Statistical Area) median income, adjusted for household size. All cash income, regardless of source, including public assistance, is included in gross income. The adjustments to annual income exclude five percent of total household income, all earnings of minor children living at home, and $300 for each dependent income.

C. Other eligibility requirements.

Mortgagors must have sufficient income to pay their portion of the monthly payment. Applicants must have sufficient assets to make a three percent downpayment and pay certain closing costs and prepaid items. In addition, they have to meet underwriting standards dealing with credit history, size of housing payments, and installment debt payments relative to income.

D. Other income a recipient unit is required or expected to spend to receive benefits.

The HUD subsidy is limited to the lesser of: (a) the amount needed to reduce the effective interest rate on the mortgage down to four percent; or (b) the difference between the full market cost of the housing and 20 percent of the buyer's adjusted annual income (28 percent if purchased after November 30, 1983). In effect, a new borrower must, at a minimum, pay 28 percent of his adjusted annual income for mortgage payments.

V. BENEFITS AND SERVICES

A. Program intake processes.

Typically, for cases involving new construction, the builder or developer will refer the applicant to one of several possible lenders. For a substantial rehabilitation case, the only other type of property that is eligible, the applicant must find an FHA-approved lender that is willing to process the loan. The applicant may be helped by consumer groups, realtors, or the local HUD office. The applicant sets up an appointment with a loan officer at which time they complete a loan application. The lender verifies the applicant's income and assets by writing for confirmation to employers and requests an appraisal of the property. The lender determines whether it is willing to fund the mortgage based on the applicant's credit record, income and assets. If the lender accepts the applicant, loan documentation is submitted to the local HUD office for review and determination of eligibility. If the applicant is determined to be eligible, HUD issues a "firm commitment" to insure the mortgage. The lender then schedules closing.

B. Program benefits or services.

The formula for calculating the amount of subsidy contained in Section 235(c)(1) is:

> The payments shall be in an amount not exceeding the lesser of:
>
> (A) the balance of the monthly payment for principal, interest, taxes, insurance, and mortgage insurance premium due under the mortgage remaining unpaid after applying 20 per centum of the mortgagor's income; or
>
> (B) the difference between the amount of the monthly payment for principal, interest, and mortgage insurance premium which the mortgagor is obligated to pay under the mortgage and the monthly payment for principal and interest which the mortgagor would be obligated to pay if the mortgage were to bear interest at the rate of one per centum per annum ....

By regulation (24 CFR 235.2(a)), the second formula was changed to a subsidized rate of four percent rather than one percent. By letter to all participating lenders (Mortgagee Letter 84-21), the first formula was changed to a minimum contribution of 28 percent of the mortgagor's adjusted income.

C. Duration of benefits.

Prior to November 30, 1983, benefits were provided (mortgage subsidies were approved) for 30 years. Since then mortgages have been provided for 10 years, but may be extended under certain conditions (i.e., funds are available and need continues).

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

As a practical matter, recipients of Section 235 subsidies cannot participate in any of the federal rental assistance programs.

B. Counting assistance from other programs.

All cash income, regardless of source, including public assistance, is counted as gross income. If the family's income increases by $50 or more per month, the benefit is reduced.

C. Overlapping authorities and benefits.

Recipients of cash public assistance, which includes aid for housing needs, may also participate in the Homeownership Assistance Program.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Committee on Banking, Housing and Urban Affairs
 Subcommittee on Housing and Urban Affairs

House of Representatives

Committee on Banking, Finance, and Urban Affairs
 Subcommittee on Housing and Community Development

B. Appropriating subcommittees.

Senate

Subcommittee on HUD - Independent Agencies

House of Representatives

Subcommittee on HUD - Independent Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

The Housing and Urban Development Act of 1968, Pub. L. 90-448, approved August 1, 1968, added the following new sections to the National Housing Act:

Sections 235(i) (basic subsidy program designed to provide adequate shelter for lower income families), 235(j) (insurance for loans to finance the purchase, and rehabilitation if needed, of four or more (one or two family) dwellings or units in a condominium project for public body or agency). The individual mortgage released from the blanket mortgage would be insured and assistance provided to eligible mortgagors.

The Housing and Urban Development Act of 1969, Pub. L. 91-152, approved December 24, 1969, made assumptors eligible for a subsidy and increased the allowable percentage of existing dwellings to 30 percent in FY 1970 and 30 percent in FY 1971.

The Housing and Urban Development Act of 1970, Pub. L. 91-609, approved December 31, 1970, expanded eligible cooperatives to include those financed under a state or local program providing assistance through loans, loan insurance, or tax abatement, provided the project is approved for 235 prior to completion of construction or rehabilitation. This Act also eliminated the requirement that a two-family dwelling be purchased with the assistance of a nonprofit organization in order to be eligible.

The Housing and Community Development Act of 1974, Pub. L. 93-383, approved August 22, 1974. Mortgages assisted under state or local programs providing assistance through loans, loan insurance, or tax abatement were made eligible. Income eligibility was changed to 80 percent of median for the area.

The revised section 235(i) program became effective January 5, 1976. The interest was subsidized down to as low as 5 percent by direct payments from HUD to the mortgagee. The income limits varied by family size and geographic area. For a family of four adjusted income (excluding $300 per resident minor, income of minor, 5 percent (for social security and other withholding), and temporary income) was not to exceed 95 percent of median for the area. The subsidy was to be the lesser of: (1) difference between (a) monthly mortgage payment for principal, interest, taxes, hazard insurance, and MIP; and (b) 20 percent of adjusted income; (2) difference between (a) current FHA regulated interest rate plus MIP and (b) subsidy interest rate.

The Housing and Community Development Act of 1977, Pub. L. 95-128, approved October 12, 1977: qualified the eligibility of single people with a physical handicap, the handicap must impede ability to live independently unless suitable housing is available; added as eligible cooperative projects those financed under 221(d)(3); limited 235 units to 40 percent of total units in a subdivision, except in an urban area with an approved redevelopment plan.

The Housing and Community Development Act of 1979, Pub. L. 96-153, approved December 21, 1979: assistance to families involuntarily displaced was expanded to include the purchase of a condo or coop; special requirements on existing properties were eliminated (i.e., five or more minors); permitted increased limits (up to 20 percent) in urban areas with approved redevelopment plans.

The Housing and Community Development Act of 1980, Pub. L. 96-399, approved October 8, 1980: added recapture provision; applied to all commitments issued six months after enactment, upon sale, 90 days nonpayment, or property (or owner's unit) rented for more than one year; amount recaptured is the lesser of (i) amount of assistance (less handling fees paid to mortgagee) or (ii) at least 50 percent of net appreciation (defined as value over original purchase price, less reasonable costs of sale and value of improvements); recapture not applicable if mortgage pursuant to 235(q) is assumed; added subsection p, mortgage limit may be increased up to 10 percent if occupant is physically handicapped and the additional amount is necessary to make dwelling accessible and usable; added subsection q, if substantial need for emergency stimulation of housing, may insure mortgages for families with incomes not to exceed 130 percent of median; sales price not to exceed 82 percent of 203(b) limit, one- to four-family dwellings or manufactured home and lot insured under Title I, must be first owner, property approved prior to construction or completed more than one year, subsidizes interest down to 9 percent (12 percent in case of manufactured home).

The Housing and Urban-Rural Recovery Act of 1983, Pub. L. 98-181, approved November 30, 1983: authorized 10 year subsidy may extend further if need continues and funds exist (funds from (i) recapture, (ii) unused subsidy (disqualify on recertification), or (iii) return on investment of funds); requires mortgagor to assure that tenants' (two- or three-family properties) income does not exceed 100 percent of median for the area; deregulation of interest rate did not include 235. Under this program the mortgagor's minimum contribution to the total monthly mortgage payment is 28 percent of adjusted monthly income.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (in thousands) (1)
14.105 HOMEOWNERSHIP ASSISTANCE PROGRAM (SECTION 235)

		Total	(2)
United States		$267,592	
Alabama		$12,754	
Alaska		$140	
Arizona		$6,199	
Arkansas		$3,106	
California		$16,501	
Colorado		$2,345	
Connecticut		$803	
Delaware		$265	
D. C.		$542	
Florida		$22,941	
Georgia		$11,011	
Hawaii		$1,173	
Idaho		$2,393	
Illinois		$7,133	
Indiana		$5,353	
Iowa		$3,142	
Kansas		$1,371	
Kentucky		$6,457	
Louisiana		$11,724	
Maine		$873	
Maryland		$1,280	
Massachusetts		$3,173	
Michigan		$10,012	
Minnesota		$2,767	
Mississippi		$5,968	
Missouri		$3,509	
Montana		$1,255	
Nebraska		$3,289	
Nevada		$2,068	
New Hampshire		$457	
New Jersey		$2,271	
New Mexico		$2,805	
New York		$5,756	
N. Carolina		$6,820	
N. Dakota		$1,170	
Ohio		$9,227	
Oklahoma		$5,082	
Oregon		$2,140	
Pennsylvania		$4,097	
Rhode Island		$592	
S. Carolina		$8,302	
S. Dakota		$1,516	
Tennessee		$11,542	
Texas		$20,346	
Utah		$6,633	
Vermont		$213	
Virginia		$4,051	
Washington		$6,618	
W. Virginia		$305	
Wisconsin		$6,179	
Wyoming		$393	
Guam		$91	
Puerto Rico		$11,429	
Virgin Islands		$4	

Data Sources: HUD Housing Budget Information.

(1) Other federal outlays for federal administration chargeable to this program but not this budget account for FY 85 were $1,010(000).
(2) Estimates of federal spending by state are based on the national average costs per month per unit in 1985 ($807) and units estimated in Table IX.A.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (In thousands) (1)
14.105 HOMEOWNERSHIP ASSISTANCE PROGRAM (SECTION 235)

		Total	(2)
United States		$270,067	
Alabama		$12,843	
Alaska		$141	
Arizona		$6,269	
Arkansas		$3,101	
California		$16,656	
Colorado		$2,377	
Connecticut		$814	
Delaware		$268	
D. C.		$549	
Florida		$23,222	
Georgia		$11,158	
Hawaii		$1,189	
Idaho		$2,306	
Illinois		$7,221	
Indiana		$5,391	
Iowa		$3,186	
Kansas		$1,385	
Kentucky		$6,542	
Louisiana		$11,868	
Maine		$885	
Maryland		$1,298	
Massachusetts		$3,218	
Michigan		$10,145	
Minnesota		$2,788	
Mississippi		$6,014	
Missouri		$3,541	
Montana		$1,248	
Nebraska		$3,303	
Nevada		$2,085	
New Hampshire		$464	
New Jersey		$2,302	
New Mexico		$2,828	
New York		$5,743	
N. Carolina		$8,892	
N. Dakota		$1,176	
Ohio		$9,340	
Oklahoma		$5,108	
Oregon		$2,145	
Pennsylvania		$4,129	
Rhode Island		$800	
S. Carolina		$8,394	
S. Dakota		$1,519	
Tennessee		$11,601	
Texas		$20,572	
Utah		$6,692	
Vermont		$216	
Virginia		$4,100	
Washington		$6,600	
W. Virginia		$309	
Wisconsin		$6,246	
Wyoming		$397	
Guam		$92	
Puerto Rico		$11,583	
Virgin Islands		$4	

Data Sources: HUD Housing Budget Information.

(1) Other federal outlays for federal administration chargeable to this program but not this budget account for FY 84 were $1,087(000).
(2) Estimates of federal spending by state are based on the national average cost per unit per month in 1984 ($818) and units estimated in Table IX.B.

IX. A. FY 85 RECIPIENT CHARACTERISTICS
14.105 HOMEOWNERSHIP ASSISTANCE PROGRAM (SECTION 235)

		Units Served	(1)
United States		331,760	(2)
Alabama		15,813	
Alaska		173	
Arizona		7,685	
Arkansas		3,851	
California		20,458	
Colorado		2,907	
Connecticut		998	
Delaware		328	
D. C.		672	
Florida		28,442	
Georgia		13,651	
Hawaii		1,454	
Idaho		2,967	
Illinois		8,843	
Indiana		6,637	
Iowa		3,896	
Kansas		1,700	
Kentucky		8,005	
Louisiana		14,535	
Maine		1,082	
Maryland		1,587	
Massachusetts		3,934	
Michigan		12,413	
Minnesota		3,430	
Mississippi		7,399	
Missouri		4,351	
Montana		1,556	
Nebraska		4,078	
Nevada		2,564	
New Hampshire		567	
New Jersey		2,816	
New Mexico		3,478	
New York		7,136	
N. Carolina		8,455	
N. Dakota		1,451	
Ohio		11,440	
Oklahoma		6,301	
Oregon		2,653	
Pennsylvania		5,080	
Rhode Island		734	
S. Carolina		10,293	
S. Dakota		1,880	
Tennessee		14,310	
Texas		25,225	
Utah		8,223	
Vermont		264	
Virginia		5,023	
Washington		8,205	
W. Virginia		378	
Wisconsin		7,661	
Wyoming		487	
Guam		113	
Puerto Rico		14,170	
Virgin Islands			

Data Sources: HUD Housing Information Systems Division.

(1) These figures represent the number of mortgages in-force under the Section 235 program. They differ from the number of units shown in Table XI that are associated with outlays because many of the Section 235 mortgage holders are not receiving a mortgage subsidy.
(2) The number of persons is unknown by state. Nationwide, the average number of persons per unit has been estimated as 3.0.

IX. B. FY 84 RECIPIENT CHARACTERISTICS
14.105 HOMEOWNERSHIP ASSISTANCE PROGRAM (SECTION 235)

	Units Served	(1)
United States	330,280	(2)
Alabama	15,707	
Alaska	173	
Arizona	7,667	
Arkansas	3,793	
California	20,369	
Colorado	2,907	
Connecticut	996	
Delaware	328	
D. C.	672	
Florida	28,399	
Georgia	13,646	
Hawaii	1,454	
Idaho	2,620	
Illinois	8,831	
Indiana	6,593	
Iowa	3,896	
Kansas	1,694	
Kentucky	8,001	
Louisiana	14,514	
Maine	1,082	
Maryland	1,585	
Massachusetts	3,933	
Michigan	12,407	
Minnesota	3,409	
Mississippi	7,355	
Missouri	4,331	
Montana	1,526	
Nebraska	4,040	
Nevada	2,550	
New Hampshire	567	
New Jersey	2,815	
New Mexico	3,459	
New York	7,024	
N. Carolina	8,429	
N. Dakota	1,438	
Ohio	11,423	
Oklahoma	6,247	
Oregon	2,623	
Pennsylvania	5,049	
Rhode Island	734	
S. Carolina	10,266	
S. Dakota	1,858	
Tennessee	14,188	
Texas	25,159	
Utah	8,184	
Vermont	264	
Virginia	5,014	
Washington	8,071	
W. Virginia	378	
Wisconsin	7,639	
Wyoming	485	
Guam	113	
Puerto Rico	14,165	
Virgin Islands	5	

Data Sources: HUD Housing Information Systems Division.

(1) These figures represent the number of mortgages in-force under the Section 235 program. They differ from the number of units shown in Table XI that are associated with outlays because many of the Section 235 mortgage holders are not receiving a mortgage subsidy.
(2) The number of persons is unknown by state. Nationwide, the average number of persons per unit has been estimated as 3.0.

X. A. MEAN FY 85 COSTS PER UNIT SERVED (1)
14.105 HOMEOWNERSHIP ASSISTANCE PROGRAM (SECTION 235)

		Benefits	(2)
United States		$1,335	

Data Sources: HUD Housing Budget Information and Housing Information Systems Division.

(1) Based on unduplicated annual count.
(2) The number of units used for this calculation is the number associated with outlays under the Section 235 program. Many of the 331,760 units in Table IX.A. receive no subsidy.

X. B. MEAN FY 84 COSTS PER UNIT SERVED (1)
14.105 HOMEOWNERSHIP ASSISTANCE PROGRAM (SECTION 235)

		Benefits	(2)
United States		$1,288	

Data Sources: HUD Housing Budget Information and Housing Information Systems Division.

(1) Based on unduplicated annual count.
(2) The number of units used for this calculation is the number associated with outlays under the Section 235 program. Many of the 330,280 units in Table IX.B. receive no subsidy.

XI. HISTORICAL DATA (Dollars in thousands)
14.105 HOMEOWNERSHIP ASSISTANCE PROGRAM (SECTION 235)

Federal Fiscal Year	Total Federal Outlays	Units Served	(1)	Persons Served	(2)
1985	$267,592	200,471		601,413	
1984	$270,067	209,730		629,190	
1983	$281,948	229,772		689,316	
1982	$258,362	241,927		725,781	
1981	$196,021	240,539		721,617	
1980	$114,600	219,482		658,446	
1979	$99,179	235,187		705,561	
1978	$106,842	261,866		785,598	
1977	$128,155	292,814		878,442	
1976	$201,933	330,784		992,352	
1975	$193,996	408,915		1,226,745	
1974	$249,473	418,905		1,256,715	
1973	$282,307	411,670		1,235,010	
1972	$221,306	344,363		1,033,089	
1971	$119,734	204,832		614,496	
1970	$21,127	65,654		196,962	
1969	$812	5,454		16,362	
1968					
1967					
1966					
1965					
1964					
1963					
1962					
1961					
1960					

Data Sources: HUD Housing Budget Information.

(1) Based on unduplicated annual count. Represents only households receiving subsidies in mortgages, unlike Tables IX.A. and IX.B., which represent mortgages in effect, whether or not subsidized during the year.
(2) Estimated based on national average for the program.

WEATHERIZATION ASSISTANCE

I. PROGRAM SUMMARY

The Weatherization Assistance Program (WAP) under the Department of Energy distributes federal funds to states for programs that weatherize the dwellings of low income persons and thereby reduce both their energy usage and their fuel costs. States are directly responsible for administering WAP under broad federal guidelines. Local Community Action Agencies are the primary service providers.

The services provided under WAP include the direct application of weatherization materials to the eligible dwelling unit, the repair of heating and cooling systems, and tune-ups or other efficiency improvements. A state's average per dwelling expenditure is not to exceed $1,600 per dwelling, for materials, labor, and program support. Weatherization assistance may be provided only once and in the past seven years about 1.4 million homes of low income families have been weatherized.

All households with incomes that do not exceed 125 percent of the federal poverty income guidelines are eligible. All households receiving assistance under the AFDC or SSI programs or state assistance programs during the previous 12 months are eligible categorically. Residents of congregate facilities, such as nursing homes, do not qualify as long as they remain in these facilities.

Federal funds are allocated to the states through a formula that first provides for minimum funding and then reflects the relative need for weatherization assistance. The formula takes into account the number of low income households, the percentage of total residential energy used for space heating and cooling, and the number of heating and cooling degree days in each state. There are no requirements for matching funds from nonfederal sources. In FY 1985, about 185,000 dwellings that house about 489,000 persons received WAP services at a total federal cost of about $192 million.

Under the Low Income Home Energy Assistance Program (LIHEAP), administered by the Department of Health and Human Services, up to 15 percent of LIHEAP funds available to a state may be used at state discretion for low income residential weatherization or other energy-related home repairs for low income households. Both the WAP and LIHEAP programs grew out of emergency programs created in response to the 1973 OPEC oil embargo.

II. ADMINISTRATION

A. Program name: Weatherization Assistance Program.

B. Catalog of Federal Domestic Assistance No.: 81.042
Budget account number(s): 89-0215-0-1-999.

C. Current authorizing statute: The program was established by Title IV, Part A, of the Energy Conservation and Production Act (ECPA) of 1976 (Public Law 94-385). Title II, Part 2, of the National Energy Conservation Policy Act (NECPA) of 1978 (Public Law 95-619), Title V, Subtitle E, of the Energy Security Act (ESA) of 1980 (Public Law 96-294), and the Human Services Reauthorization Act of 1984 (Public Law 98-558), amended the original weatherization program legislation.

D. Location of program regulations in the Code of Federal Regulations: 10 CFR Part 440.

E. Federal administering agency: Department of Energy (DOE).

F. Primary grantee (if any) receiving program funds to provide benefits: States.

G. Subgrantee (if any) receiving program funds to provide benefits: Counties; cities; tribal organizations; private nonprofit organizations.

H. Allocation of federal funds.

Funds are allocated by DOE through a formula which reflects the relative need for weatherization assistance among the states. The formula takes into account the number of low income households, the percentage of total residential energy used for space heating and cooling, and the number of heating and cooling degree days in each state.

The formula is as follows:

(1) The first $5,100,000 appropriated shall be divided equally among the states; an additional $100,000 shall be allocated to Alaska.

(2) The percentage of the remaining available funds tentatively allocated to each state shall be determined by the following formula:

    (i) The square of the number of heating degree days in a state multiplied by the percentage of total residential energy used for space heating;

    (ii) Plus the square of the number of cooling degree days in the state multiplied by the percentage of total residential energy used for space cooling;

(iii) Multiplied by the sum of the number of low income, owner-occupied dwelling units in the state and one-half of the number of low income, renter-occupied dwelling units in the state;

(iv) Divided by the sum of the result produced for all states by the computation outlined in (2)(i), (ii) and (iii);

(v) Multiplied by 100.

There are no requirements for matching funds from nonfederal sources.

I. Role of state and local governments in administering the program.

The 50 states and the District of Columbia are responsible for supervising administration of the program. They make grants to local Community Action Agencies to determine eligibility and provide services.

J. Audit or quality control.

DOE has issued regulations which outline program requirements for administering the WAP. Under the program no assistance payments are made directly to individuals. Rather, the homes of low income persons are weatherized.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The objectives of the WAP are to reduce national energy consumption, particularly of imported oil, and to reduce the impact of higher fuel costs on low income families.

B. Allocation of program funds among various activities.

Grant funds are spent on weatherization materials, program support, labor, administration, training, and technical assistance.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

A dwelling unit is eligible for weatherization assistance if it is occupied by a family unit:

(1) Whose income is at or below 125 percent of the federal guidelines;

(2) Which contains a member who has received cash assistance payments under Title IV or XVI of the Social Security Act or applicable state or local law during the twelve-month period preceding the determination of eligibility for weatherization assistance; or

(3) If the state elects, is eligible for assistance under the Low Income Home Energy Assistance Act of 1981, provided that such basis is at least 125 percent of the federal poverty guidelines.

B. Income eligibility standards.

For eligibility purposes, income refers to total cash receipts, before taxes, from all sources and includes all money wages and salaries before any deductions.

Income does not refer to the following money receipts: capital gains, any assets drawn down as withdrawals from a bank, sale of property, house, or car, tax refunds, gifts, lump-sum inheritances, one-time insurance payments, or compensation for injury.

Also excluded are non-cash benefits, such as employer-paid health insurance and other employee fringe benefits, food or rent received in lieu of wages, the value of food and fuel produced and consumed on farms, and the imputed value of rent from owned-occupied nonfarm or farm housing.

C. Other eligibility requirements.

None. However, local agencies employ plans which give priority based upon income, elderly or handicapped status, and energy costs.

D. Other income a recipient unit is required or expected to spend to receive benefits.

None.

V. BENEFITS AND SERVICES

A. Program intake processes.

Program intake includes voluntary applications, referrals from other public programs, and outreach efforts by the Community Action Agencies who are the primary service providers.

B. Program benefits or services.

The benefits received under this program are the direct application of weatherization materials to the eligible dwelling unit, the repair of heating and cooling systems, and tune-ups and efficiency improvements for these units.

The amount and type of benefits provided are determined by an energy audit performed on the dwelling prior to weatherization. States are allowed to average their weatherization expenditures, not to exceed $1,600 per dwelling unit in that state, for materials, labor, and program support.

C. Duration of benefits.

Weatherization is provided only once to a dwelling unit.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility.

A household that contains a member who has received cash assistance payments under Title IV or XVI of the Social Security Act or applicable state or local law during the twelve month period preceding the determination of eligibility for weatherization assistance is automatically eligible.

B. Counting assistance from other programs.

The benefits under WAP do not depend on the amount of benefits received from other programs. However, priority for service may depend upon cash income, including welfare.

C. Overlapping authorities and benefits.

Under the Low Income Home Energy Assistance Program (LIHEAP), administered by the Department of Health and Human Services, up to 15 percent of LIHEAP funds available to a state may be used by the state, at its discretion, for low income residential weatherization or other energy-related home repair for low income households. In addition, weatherization may be funded by the Community Services Block Grant, the Community Development Block Grant, and housing repair programs administered by HUD and FmHA.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

House of Representatives

Committee on Energy and Commerce
Subcommittee on Energy and Power

Senate

Committee on Energy and Natural Resources
Subcommittee on Energy Regulation and Conservation

B. Appropriating subcommittees.

House of Representatives

Subcommittee on Interior and Related Agencies

Senate

Subcommittee on Interior and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

The federal effort to weatherize the homes of low income families began on an ad hoc, emergency basis after the 1973 oil embargo. Community Action Agencies provided insulation, as well as other assistance, to help low income families cope with the sudden increase in fuel costs. A program specifically designed to reduce fuel use and costs for low income families was set up by legislation in 1975 and was administered by the Community Services Administration (CSA). CSA made grants directly to local agencies.

In 1976, Congress enacted the Energy Conservation and Production Act (ECPA), which authorized the Federal Energy Administration (since incorporated into DOE) to establish a weatherization grant program to aid low income people. The DOE program was to run parallel with and as a supplement to the CSA program. The ECPA provided detailed instructions to DOE as to Congressional intent and required FEA to develop a funding formula based on the relative need for weatherization assistance among low income persons throughout the states. It defined low income in terms of income below or equal to the federal poverty guidelines and make families receiving cash assistance under Title IV or XVI of the Social Security Act categorically eligible. It also prescribed a ceiling of $400 per dwelling for weatherization materials unless the state policy advisory council provided for a greater amount.

In 1978, ECPA was amended by the National Energy Conservation Policy Act (NECPA). NECPA doubled the prior ceiling to $800 while expanding its scope to cover expenditures other than weatherization materials. It also increased the low income level up to 125 percent of the federal poverty guidelines.

In 1980, the Energy Security Act mandated two changes in the program. The individual dwelling unit limit on expenditures for incidental repairs was increased from $100 to $150. The limit on administrative expenditures was revised so that a state may provide to subgrantees up to 10 percent of any grant made to the state under the program for administrative purposes. A state was still not allowed to use more than five percent of this amount for such purposes itself.

The last major changes in the program were required by the Human Services Reauthorization Act passed in 1984. This Act allowed states the option of using the eligibility requirements of the Department of Health and Human Services' Low Income Home Energy Assistance Program (LIHEAP). It also added replacement furnaces and boilers to the weatherization materials list and allowed the Secretary of Energy to add weatherization materials to the program without a rulemaking procedure. In addition, this Act required states to spend an average of at least 40 percent of their program costs for weatherization materials, replaced the expenditure ceiling for individual dwellings with a state-wide average of $1,600 per unit, and removed the $150 limit on the cost of making incidental repairs. It also allowed reweatherization of dwelling units partially weatherized during the period September 30, 1975, through September 30, 1979, and required that a Performance Fund be established to provide additional financial assistance to those states demonstrating best performance under the program.

E. Major federal implementing regulations and regulatory changes.

Two major regulations have been published that reflect programmatic needs rather than statutory changes. On February 27, 1980, DOE amended its program to ameliorate severe hardships resulting from delays in delivery of weatherization assistance to low income persons, especially the elderly and the handicapped. The regulation sought to stimulate program output by making the following modifications:

- Permit payment to hire labor or engage contractors, if volunteers and labor funded in accordance with Comprehensive Employment and Training Act of 1973 are unavailable;
- Increase the maximum allowable expenditure per dwelling unit from $800 to $1,000, which amount may be increased up to

$1,600 by the Regional Representative to redress severe shortages of labor;

- Allow the use of low-cost/no-cost energy conservation measures as an interim approach to weatherization;
- Instead of retaining the nationwide $240 ceiling on indirect costs, permit a state, with the approval of the Regional Representative, to establish ceilings for the state for weatherization materials, program support, and labor;
- Establish greater flexibility for weatherizing rental dwelling units in a multifamily building;
- Permit DOE to make tentative allocations among the states and to make adjustments based upon production.

The second major programmatic rule was published by DOE on January 27, 1984. The amendments in this rule were intended to give the states additional flexibility to develop and implement their weatherization programs and increase their ability to conserve energy and assist low income persons.

The principal amendments in this rule were: incorporating new weatherization measures to the authorized list; updating the standards for the materials for the authorized measures; simplifying the guidance for preparing state applications; making the energy audit procedures more flexible; reducing the 66 percent eligibility requirement on weatherizing duplexes and four-unit buildings to fifty percent.

VIII. A. TOTAL FY 85 PROGRAM SPENDING (In thousands)
81.042 WEATHERIZATION ASSISTANCE

	Benefits (1)	Administration (2)	"OTHER" Funds Spent Under This Program Authority (3)	Total
United States	$162,924	$18,077	$11,085	$192,086
Alabama	$1,314	$145	$69	$1,528
Alaska	$1,170	$130	$200	$1,500
Arizona	$522	$58	$65	$645
Arkansas	$872	$96	$115	$1,083
California	$6,775	$752	$270	$7,797
Colorado	$2,629	$292	$193	$3,114
Connecticut	$2,046	$227	$167	$2,440
Delaware	$312	$34	$66	$412
D. C.	$145	$16	$63	$224
Florida	$388	$43	$40	$471
Georgia	$1,312	$145	$68	$1,525
Hawaii	$124	$13	$22	$159
Idaho	$1,524	$169	$117	$1,810
Illinois	$8,912	$990	$472	$10,374
Indiana	$1,761	$195	$259	$2,215
Iowa	$7,020	$780	$266	$8,066
Kansas	$1,542	$171	$145	$1,858
Kentucky	$3,929	$436	$319	$4,684
Louisiana	$438	$48	$81	$567
Maine	$2,653	$294	$187	$3,134
Maryland	$1,953	$217	$43	$2,213
Massachusetts	$4,184	$464	$317	$4,965
Michigan	$9,630	$1,070	$598	$11,298
Minnesota	$11,758	$1,306	$579	$13,643
Mississippi	$935	$103	$99	$1,137
Missouri	$4,899	$544	$288	$5,731
Montana	$1,493	$165	$104	$1,762
Nebraska	$2,373	$263	$160	$2,796
Nevada	$331	$36	$40	$407
New Hampshire	$1,324	$147	$83	$1,554
New Jersey	$2,756	$306	$292	$3,354
New Mexico	$2,005	$222	$42	$2,269
New York	$11,728	$1,303	$2,623	$15,654
N. Carolina	$2,243	$249	$108	$2,600
N. Dakota	$1,779	$197	$26	$2,002
Ohio	$8,438	$937	$0	$9,375
Oklahoma	$1,407	$156	$140	$1,703
Oregon	$1,916	$212	$200	$2,328
Pennsylvania	$17,828	$1,980	$578	$20,386
Rhode Island	$1,131	$125	$102	$1,358
S. Carolina	$666	$73	$102	$841
S. Dakota	$1,723	$191	$121	$2,035
Tennessee	$4,120	$457	$84	$4,661
Texas	$2,816	$312	$155	$3,283
Utah	$1,577	$175	$132	$1,884
Vermont	$1,081	$120	$57	$1,258
Virginia	$2,731	$303	$170	$3,204
Washington	$3,543	$393	$251	$4,187
W. Virginia	$2,147	$238	$153	$2,538
Wisconsin	$6,388	$709	$151	$7,248
Wyoming	$633	$70	$105	$808

Data Sources: State report to DOE, Federal Assistance Management Summary Report, Form EIA459E.

(1) Benefits consist of direct expenditures for weatherization materials and labor. All benefits are federal benefits.
(2) Administration includes only outlays of federal funds for state and local program support and administration. Outlays at the federal level chargeable to this budget account were $2.6 million for FY 85.
(3) "OTHER" consists of expenditures on training and technical assistance.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands)
81.042 WEATHERIZATION ASSISTANCE

	Benefits	(1)	Administration	(2)	"OTHER" Funds Spent Under This Program Authority	(3)	Total
United States	$186,447		$20,692		$8,233		$215,372
Alabama	$1,525		$169		$59		$1,753
Alaska	$1,125		$124		$75		$1,324
Arizona	$579		$64		$79		$722
Arkansas	$2,358		$261		$106		$2,725
California	$5,032		$559		$277		$5,868
Colorado	$3,474		$386		$153		$4,013
Connecticut	$2,667		$296		$296		$3,259
Delaware	$318		$35		$59		$412
D. C.	$279		$30		$65		$374
Florida	$1,157		$128		$67		$1,352
Georgia	$1,500		$166		$76		$1,742
Hawaii	$173		$19		$26		$218
Idaho	$1,667		$185		$120		$1,972
Illinois	$8,109		$900		$761		$9,770
Indiana	$7,074		$786		$490		$8,350
Iowa	$3,608		$400		$201		$4,209
Kansas	$2,445		$271		$141		$2,857
Kentucky	$3,168		$351		$265		$3,784
Louisiana	$762		$84		$86		$932
Maine	$3,247		$360		$209		$3,816
Maryland	$2,805		$311		$40		$3,156
Massachusetts	$3,774		$419		$320		$4,513
Michigan	$14,628		$1,625		$327		$16,580
Minnesota	$9,100		$1,011		$465		$10,576
Mississippi	$875		$97		$92		$1,064
Missouri	$4,661		$517		$175		$5,353
Montana	$1,899		$211		$28		$2,138
Nebraska	$2,145		$238		$164		$2,547
Nevada	$505		$56		$39		$600
New Hampshire	$1,541		$171		$105		$1,817
New Jersey	$5,692		$632		$270		$6,594
New Mexico	$1,631		$181		$150		$1,962
New York	$25,900		$2,877		$61		$28,838
N. Carolina	$2,079		$230		$86		$2,395
N. Dakota	$2,410		$267		$24		$2,701
Ohio	$14,016		$1,557		$58		$15,631
Oklahoma	$1,447		$160		$140		$1,747
Oregon	$2,178		$242		$146		$2,566
Pennsylvania	$8,559		$951		$281		$9,791
Rhode Island	$897		$99		$124		$1,120
S. Carolina	$926		$102		$94		$1,122
S. Dakota	$1,747		$194		$97		$2,038
Tennessee	$2,457		$273		$87		$2,817
Texas	$5,143		$571		$155		$5,869
Utah	$1,368		$152		$80		$1,600
Vermont	$1,365		$151		$61		$1,577
Virginia	$2,516		$279		$242		$3,037
Washington	$3,131		$347		$347		$3,825
W. Virginia	$2,976		$330		$127		$3,433
Wisconsin	$7,267		$807		$156		$8,230
Wyoming	$542		$60		$81		$683

Data Sources: State report to DOE, Federal Assistance Management Summary Report, Form EIA459E.

(1) Benefits consist of direct expenditures for weatherization materials and labor. All benefits are federal benefits.
(2) Administration includes only outlays of federal funds for state and local program support and administration. Outlays at the federal level chargeable to this budget account were $2.6 million for FY 84.
(3) "OTHER" consists of expenditrues on training and technical assistance.

IX. A. FY 85 RECIPIENT CHARACTERISTICS (1)
81.042 WEATHERIZATION ASSISTANCE

	Units Served	All Persons	Elderly (2)	Handicapped or Disabled (3)
United States	185,411	488,651		
Alabama	1,838	4,424		
Alaska	906	2,902		
Arizona	2,147	5,454	209	143
Arkansas	1,422	3,035		
California	12,171	38,156		
Colorado	2,972	8,069	206	98
Connecticut	2,001	5,324	310	157
Delaware	465	1,255		
D. C.	178	543		
Florida	483	1,378	15	11
Georgia	1,868	3,887	420	123
Hawaii	1,442	3,942		
Idaho	2,240	6,900	85	27
Illinois	8,134	25,365	1,078	389
Indiana	3,938	11,283	400	212
Iowa	5,900	15,269		
Kansas	1,709	4,585	77	26
Kentucky	2,981	8,719	347	165
Louisiana	611	1,524	75	7
Maine	1,893	4,316	4	4
Maryland	1,932	4,721	9	1
Massachusetts	3,787	10,068		
Michigan	5,704	16,222	890	458
Minnesota	11,244	32,320	1,246	1,447
Mississippi	1,151	2,524		
Missouri	5,762	16,952	228	119
Montana	1,865	4,838		
Nebraska	2,154	5,810	212	115
Nevada	874	2,202	159	58
New Hampshire	891	2,195		
New Jersey	3,283	7,956	454	128
New Mexico	2,878	8,859	450	254
New York	14,976	24,462	2,379	1,682
N. Carolina	2,747	6,606		
N. Dakota	1,816	6,069	124	33
Ohio	13,270	35,971	2,408	2,267
Oklahoma	1,697	2,336	584	299
Oregon	1,872	2,705		
Pennsylvania	23,603	66,928		
Rhode Island	1,027	2,837	87	32
S. Carolina	572	597	6	
S. Dakota	1,362	3,975	219	63
Tennessee	4,347	10,304	434	163
Texas	3,844	7,556	1,245	334
Utah	1,952	6,459		
Vermont	761			
Virginia	2,244	5,935	195	73
Washington	2,983	5,345	422	88
W. Virginia	1,720	5,149	319	293
Wisconsin	7,094	21,569	1,028	789
Wyoming	720	2,851	42	25

Data Sources: State report to DOE, Federal Assistance Management Summary Report, Form EIA459E.

(1) Represents unduplicated annual count of caseload.
(2) Households with an elderly head, defined as 60 years of age or older.
(3) "Handicapped Person" means any individual (1) who is a handicapped individual as defined in Section 7(6) of the Rehabilitation Act of 1973, (2) who is under a disability as defined in Section 1614(a) or 223(d)(1) of the Social Security Act or in Section 102(7) of the Developmental Disabilities Services and Facilities Construction Act, or (3) who is receiving benefits under Chapter 11 or 15 of Title 38, U.S.C. Represents households with a handicapped or disabled member.

IX. B. FY 84 RECIPIENT CHARACTERISTICS (1)
81.042 WEATHERIZATION ASSISTANCE

	Units Served	All Persons	Elderly	(2)	Handicapped or Disabled	(3)
United States	217,815	602,860	91,920		43,511	
Alabama	1,964	4,582	1,636		873	
Alaska	776	2,371	175		77	
Arizona	1,193	3,748	668		427	
Arkansas	3,706	7,350	4,021		822	
California	10,825	16,771	2,450		787	
Colorado	4,086	11,222	1,589		639	
Connecticut	2,334	6,452	860		473	
Delaware	434		58		21	
D. C.	305	959	41		53	
Florida	2,358	7,032	1,594		569	
Georgia	1,774	4,435	1,202		319	
Hawaii	1,548	4,412	517		100	
Idaho	3,243	9,943	1,220		740	
Illinois	7,982	25,645	4,272		1,853	
Indiana	6,265	18,232	2,305		993	
Iowa	4,559	10,362	1,900		653	
Kansas	3,308	8,726	2,072		571	
Kentucky	2,695	7,520	1,715		1,107	
Louisiana	1,166	3,280	1,582		351	
Maine	2,360	7,056	690		516	
Maryland	3,235	9,159	1,031		297	
Massachusetts	3,925	10,581	1,588		825	
Michigan	14,369	44,485	3,928		3,036	
Minnesota	16,470	49,448	4,833		1,742	
Mississippi	1,014	2,541	982		447	
Missouri	5,581	14,592	2,584		1,082	
Montana	3,195	8,539	974		616	
Nebraska	2,411	5,891	1,300		669	
Nevada	1,251	4,030	677		164	
New Hampshire	1,597	4,033	870		343	
New Jersey	7,666	21,592	2,308		474	
New Mexico	2,202	6,515	1,446		922	
New York	22,819	70,941	6,449		3,520	
N. Carolina	2,367	5,530	2,011		898	
N. Dakota	2,612	8,246	824		177	
Ohio	14,681	41,235	5,799		5,406	
Oklahoma	1,936	4,164	1,659		483	
Oregon	2,548	6,975	1,305		673	
Pennsylvania	11,307	32,799	3,769		1,650	
Rhode Island	1,834	3,832	314		226	
S. Carolina	674	674	441		219	
S. Dakota	1,460	4,556	466		177	
Tennessee	2,404	6,003	1,696		565	
Texas	6,920	14,693	6,211		2,747	
Utah	2,813	9,225	875		335	
Vermont	1,253	3,741	357		258	
Virginia	2,848	7,888	1,664		562	
Washington	2,797	6,935	1,023		467	
W. Virginia	3,151	9,885	1,149		1,018	
Wisconsin	6,815	21,017	2,150		1,179	
Wyoming	779	3,017	670		390	

Data Sources: State report to DOE, Federal Assistance Management Summary Report, Form EIA459E.

(1) Represents unduplicated count of caseload.
(2) Households with an elderly head, defined as 60 years of age or older.
(3) "Handicapped Person" means any individual (1) who is a handicapped individual as defined in Section 7(6) of the Rehabilitation Act of 1973, (2) who is under a disability as defined in Section 1614(a) or 223(d)(1) of the Social Security Act or I Section 102(7) fo the Developmental Disabilities Services and Facilities Construction Act, or (3) who is receiving benefits under Chapter 11 or 15 of Title 38, U.S.C. Represents households with a handicapped or disabled member.

X. A. MEAN FY 85 COSTS PER UNIT SERVED (1)
81.042 WEATHERIZATION ASSISTANCE

	Benefits	Administration	"Other" Funds Spent Under This Program Authority	Total
United States	$875	$97	$60	$1,036
Alabama	$715	$78	$38	$831
Alaska	$1,291	$144	$221	$1,656
Arizona	$243	$27	$30	$300
Arkansas	$613	$68	$81	$762
California	$557	$62	$22	$641
Colorado	$885	$98	$65	$1,048
Connecticut	$1,022	$113	$84	$1,219
Delaware	$671	$73	$142	$886
D. C.	$815	$90	$353	$1,258
Florida	$803	$89	$83	$975
Georgia	$702	$78	$36	$816
Hawaii	$86	$9	$15	$110
Idaho	$680	$76	$52	$808
Illinois	$1,095	$122	$58	$1,275
Indiana	$447	$49	$66	$562
Iowa	$1,190	$132	$45	$1,367
Kansas	$902	$100	$85	$1,087
Kentucky	$1,327	$147	$108	$1,582
Louisiana	$717	$79	$132	$928
Maine	$1,401	$155	$99	$1,655
Maryland	$1,011	$112	$22	$1,145
Massachusetts	$1,105	$122	$84	$1,311
Michigan	$1,688	$188	$104	$1,980
Minnesota	$1,046	$116	$51	$1,213
Mississippi	$812	$89	$87	$988
Missouri	$850	$94	$50	$994
Montana	$801	$88	$56	$945
Nebraska	$1,102	$122	$74	$1,298
Nevada	$379	$41	$46	$466
New Hampshire	$1,486	$165	$93	$1,744
New Jersey	$839	$93	$89	$1,021
New Mexico	$697	$76	$15	$788
New York	$783	$87	$175	$1,045
N. Carolina	$817	$90	$39	$946
N. Dakota	$980	$108	$14	$1,102
Ohio	$636	$70	$0	$706
Oklahoma	$829	$92	$82	$1,003
Oregon	$1,024	$113	$107	$1,244
Pennsylvania	$755	$85	$24	$864
Rhode Island	$1,101	$122	$99	$1,322
S. Carolina	$1,164	$128	$178	$1,470
S. Dakota	$1,265	$140	$89	$1,494
Tennessee	$948	$105	$19	$1,072
Texas	$733	$81	$40	$854
Utah	$808	$90	$67	$965
Vermont	$1,420	$158	$75	$1,653
Virginia	$1,217	$135	$76	$1,428
Washington	$1,188	$132	$84	$1,404
W. Virginia	$1,248	$138	$90	$1,476
Wisconsin	$900	$100	$22	$1,022
Wyoming	$879	$97	$146	$1,122

Data Sources: State report to DOE, Federal Assistance Management Summary Report, Form EIA459E.

(1) Represents unduplicated count of units served.

X. B. MEAN FY 84 COSTS PER UNIT SERVED (1)
81.042 WEATHERIZATION ASSISTANCE

	Benefits	Administration	"Other" Funds Spent Under This Program Authority	Total
United States	$858	$95	$38	$989
Alabama	$776	$88	$30	$892
Alaska	$1,450	$160	$96	$1,706
Arizona	$485	$54	$66	$605
Arkansas	$636	$70	$29	$735
California	$465	$52	$25	$542
Colorado	$850	$94	$38	$982
Connecticut	$1,142	$127	$127	$1,396
Delaware	$733	$80	$136	$949
D. C.	$915	$98	$213	$1,226
Florida	$491	$54	$28	$573
Georgia	$846	$94	$42	$982
Hawaii	$112	$12	$17	$141
Idaho	$514	$57	$37	$608
Illinois	$1,016	$113	$95	$1,224
Indiana	$1,129	$126	$78	$1,333
Iowa	$791	$88	$44	$923
Kansas	$739	$82	$43	$864
Kentucky	$1,176	$130	$98	$1,404
Louisiana	$654	$72	$73	$799
Maine	$1,376	$152	$89	$1,617
Maryland	$867	$96	$12	$975
Massachusetts	$962	$107	$81	$1,150
Michigan	$1,018	$113	$23	$1,154
Minnesota	$553	$61	$28	$642
Mississippi	$863	$96	$90	$1,049
Missouri	$835	$93	$31	$959
Montana	$594	$66	$9	$669
Nebraska	$890	$99	$67	$1,056
Nevada	$404	$45	$31	$480
New Hampshire	$965	$107	$66	$1,138
New Jersey	$742	$83	$35	$860
New Mexico	$741	$82	$68	$891
New York	$1,135	$126	$3	$1,264
N. Carolina	$878	$98	$36	$1,012
N. Dakota	$923	$102	$9	$1,034
Ohio	$955	$106	$4	$1,065
Oklahoma	$747	$83	$72	$902
Oregon	$855	$95	$57	$1,007
Pennsylvania	$757	$84	$25	$866
Rhode Island	$489	$54	$68	$611
S. Carolina	$1,374	$152	$139	$1,665
S. Dakota	$1,197	$133	$66	$1,396
Tennessee	$1,022	$114	$36	$1,172
Texas	$743	$83	$22	$848
Utah	$486	$55	$28	$569
Vermont	$1,089	$121	$49	$1,259
Virginia	$883	$98	$85	$1,066
Washington	$1,120	$124	$124	$1,368
W. Virginia	$944	$105	$40	$1,089
Wisconsin	$1,066	$119	$23	$1,208
Wyoming	$696	$77	$104	$877

Data Sources: State report to DOE, Federal Assistance Management Summary Report, Form EIA459E.

(1) Represents unduplicated count of units served.

XI. HISTORICAL DATA (Dollars in thousands)
81.042 WEATHERIZATION ASSISTANCE

Federal Fiscal Year	Total Federal Outlays	Units Served	(1)	Persons Served	(1)	Federal Staff	(2)
1985	$191,500	185,411		488,651		32	
1984	$215,400	217,815		602,860		32	
1983	$150,500	167,803		496,457		32	
1982	$152,500	153,783		412,737		32	
1981	$258,900	273,014		681,371		37	
1980	$194,500	294,887		220,421		37	
1979	$45,500	142,662		327,353		37	
1978							
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1960							

(1) Based on unduplicated annual count.
(2) Based on Full Time Employees.

RURAL RENTAL ASSISTANCE (SECTION 521)

I. PROGRAM SUMMARY

Under Section 521 of the Housing Act of 1949, as amended, the Department of Agriculture provides funds to reduce the rents paid by low income families living in projects financed by the Farmers Home Administration (FmHA). The rental projects financed by FmHA, which are authorized under other provisions of law, are intended to provide decent, safe, and sanitary housing for low income rural families, domestic farm laborers and senior citizens, to make this housing affordable. The service provider under Section 521 is a FmHA borrower who owns a multi-family housing project, who applies for and receives rental assistance payments from FmHA, and who passes the benefit through to eligible tenants in the form of reduced rent. In short, FmHA assigns rental assisted units to FmHA borrowers who, in turn, assign such units to low income persons or families.

In order to be eligible for a rental assisted unit, a tenant must be a low income family, senior citizen, handicapped, or a farmworker family with a household income that does not exceed 80 percent of the median income in the area. Priority is usually assigned to households with incomes under 50 percent of the area median. The eligibility determinations are made by the FmHA borrower/landlord.

The amount of rental assistance is limited to the difference between the FmHA approved cost of the unit and 30 percent of the tenant's adjusted household income, which the tenant must contribute toward the rent. In those cases where utilities are not included in the rent a utility allowance is provided. The cumulative amount of rental assistance per unit is currently capped at $11,047 over a five year period. The maximum average assistance amount over time is about $184 a month.

In FY 1985, total federal outlays under the Section 521 program were about $105 million. The program is fully funded by the federal government; state and local governments play no role in financing or administration. The FmHA borrower/landlords who operate the program include individuals and for-profit organizations who agree to operate on a limited profit basis, plus private nonprofit and public nonprofit organizations. The FmHA allocates available funds according to a formula based on a state's rural population, its rural population with incomes below the federal poverty guidelines, and the amount of rural housing that is overcrowded or lacks plumbing.

II. ADMINISTRATION

A. Program name: Rural Rental Assistance (Section 521).

B. Catalog of Federal Domestic Assistance No.: 10.427
Budget account number(s): 12-4141-0-3-371 &
12-2002-0-1-604.

C. Current authorizing statute: Section 521, Housing Act 1949, as amended.

D. Location of program regulations in the Code of Federal Regulations: 7 CFR 1930, Subpart C.

E. Federal administering agency: Farmers Home Administration, Department of Agriculture.

F. Primary grantee (if any) receiving program funds to provide benefits: Private nonprofit organizations; private for-profit organizations; and individuals.

G. Subgrantee (if any) receiving program funds to provide benefits: None.

H. Allocation of federal funds.

For new construction, rental assistance is distributed to grantees (borrowers) by the FmHA national office based on need. Need for new construction rental assistance is based on market information supplied by applicants for FmHA loans. The rental assistance is then administered by the grantee to reduce the amount of rent actually paid by tenants.

For replacement purposes, the rental assistance is distributed to FmHA state offices based on data supplied by state offices. The FmHA state office then distributes the rental assistance to the grantees who have contracts with depleted funds.

Up to 100 percent of the units in a complex may be assigned rental assistance if a market study of the local population indicates a need. However, a complex may not necessarily be assigned rental assistance to cover the entire need.

I. Role of state and local governments in administering the program.

State and local governments have no administrative roles in this program.

J. Audit or quality control.

FmHA district office servicing staff are required to conduct random samples of tenant income and employment verifications at rental projects at least once every three years, or at any time FmHA becomes knowledgeable of possible discrepancies. If evidence of discrepancies is uncovered , the district office reports to the FmHA state office, which may involve the assistance of the Department of Agriculture's Office of Audit or the Office of Investigation.

While no national data is available to indicate the amount of discrepancies in verified income calculations, FmHA approved leases contain a clause in them that require tenants to make restitution on any omissions or errors on their part. FmHA regulations also make borrowers responsible for making good their errors or omissions in monthly subsidy calculations.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The objective of this program is to provide financial assistance to tenants residing in FmHA financed rental housing who cannot afford to pay the basic rents and utility costs.

B. Allocation of program funds among various activities.

In FY 1986, 1,748 units were available for new construction and 12,563 units were available for replacement. In FY 1987, 2,000 units were available for new construction and 12,511 for replacement.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

The unit for which eligibility for program benefits is determined is "household." A "household" is "one or more persons who maintain or will maintain residency in one rental unit, but not including a resident assistant or chore service worker."

B. Income eligibility standards.

Two levels of income limits are used to determine eligibility. Very low income is 50 percent of median area income and low income is 80 percent of median area income.

Income adjustments conform with the standards contained in the U.S. Housing Act of 1937, and parallel those used for the Section 8 Housing Assistance Payments program and Public Housing.

C. Other eligibility requirements.

None.

D. Other income a recipient unit is required or expected to spend to receive benefits.

In all cases, up to 30 percent of adjusted income must be spent by the household on rent.

V. BENEFITS AND SERVICES

A. Program intake processes.

The service provider is the FmHA borrower who owns the multi-family housing project. The FmHA borrower receives rental assistance units from FmHA and passes the benefit to the eligible tenant in the form of reduced rent.

Once an FmHA borrower receives an obligation for a certain number of units of rental assistance, he then signs a contract with FmHA to use the units in accordance with FmHA procedures. When rental assistance and an apartment unit are available, the borrower assigns the unit in a priority sequence to very low income or low income tenant households. Once a borrower has verified and certified a tenant's income, rental assistance, if available, is automatically offered to the household to accept on a voluntary basis.

B. Program benefits or services.

Rental assistance benefits are provided to tenants through a monthly reduction of rental payments and through a check from the borrower to the tenant where the tenant pays directly for utilities. Borrowers receive rental assistance funds through a monthly check from FmHA or by netting rental assistance due from their monthly loan payment.

Rent, utility costs, and recipient income determine the amount of benefits. Benefits are established on an individual project by project basis. The grantees (borrowers) determine the amount each beneficiary is eligible to receive. Subsequent review of individual eligibility determinations are made by the FmHA.

Approximately 5,200 recipient households occupy Labor Housing Projects; 104,750 occupy Rural Rental Housing Projects; and 50 occupy Rural Cooperation Housing projects.

As currently prescribed by Congress, the total value of the subsidy for each rental assistance unit is capped at $11,047 for use over a five year period.

C. Duration of benefits.

Rental assistance funding is currently provided for five years (86,000 units cumulative total), but was also provided until FY 1982 for 20 years (24,000 units). There is no program or statutory limit on the length of beneficiary participation and all rental assistance units that have exhausted their funds have been renewed.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

Participation in any other rental subsidy program such as HUD voucher or Section 8 categorically precludes participation in this program.

B. Counting assistance from other programs.

FmHA counts cash benefits from AFDC, SSI, and GA. The Low Income Home Energy Assistance Program (LIHEAP) prohibits FmHA from counting energy assistance grants provided for FmHA tenants as income. The cash value of Food Stamps and real estate tax exemptions are not counted by FmHA as income.

C. Overlapping authorities and benefits.

Other federal rental assistance programs serve the same target population, but individual recipients do not receive benefits from more than one program simultaneously.

The LIHEAP provides assistance to tenant households for utility costs even though the rental assistance provides compensation for the same utility expenses.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives authorize this program.

Senate

Committee on Banking, Housing and Urban Affairs
    Subcommittee on Housing and Urban Affairs

House of Representatives

Committee on Banking, Finance and Urban Affairs
    Subcommittee on Housing and Community Development

B. Appropriating subcommittees.

Senate

Subcommittee on Agriculture, Rural Development and Related Agencies

House of Representatives

Subcommittee on Agriculture, Rural Development and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

The Rental Assistance Program was established on August 22, 1974, by Pub. L. 93-383, the Housing and Community Development Act of 1974. The only major legislation change since then was by Pub L. 98-181, the Housing Urban-Rural Recovery Act of 1983.

E. Major federal implementing regulations and regulatory changes.

Agency regulations were originally written in FmHA Instruction 444.5 on November 14, 1977. They then moved to FmHA instruction 1944-E, Exhibit C on October 27, 1980. Since December 12, 1983, they have been located in FmHA Instruction 1930-C, Exhibit E.

VIII. B. TOTAL FY 84 PROGRAM SPENDING (in thousands)
10.427 RURAL RENTAL ASSISTANCE (SECTION 521)

		Federal	
United States		$117,501	
Alabama		$3,687	
Alaska		$680	
Arizona		$1,172	
Arkansas		$1,336	
California		$8,955	
Colorado		$851	
Connecticut		$853	
Delaware		$335	
D. C.		$0	
Florida		$5,231	
Georgia		$1,684	
Hawaii		$244	
Idaho		$2,785	
Illinois		$5,520	
Indiana		$4,197	
Iowa		$4,367	
Kansas		$1,014	
Kentucky		$1,836	
Louisiana		$1,888	
Maine		$4,927	
Maryland		$1,024	
Massachusetts		$1,104	
Michigan		$4,674	
Minnesota		$2,854	
Mississippi		$3,905	
Missouri		$1,434	
Montana		$866	
Nebraska		$822	
Nevada		$748	
New Hampshire		$1,059	
New Jersey		$1,904	
New Mexico		$1,318	
New York		$3,204	
N. Carolina		$3,801	
N. Dakota		$1,383	
Ohio		$5,234	
Oklahoma		$937	
Oregon		$2,935	
Pennsylvania		$3,607	
Rhode Island		$203	
S. Carolina		$1,644	
S. Dakota		$2,318	
Tennessee		$2,039	
Texas		$3,312	
Utah		$768	
Vermont		$371	
Virginia		$2,289	
Washington		$3,565	
W. Virginia		$2,243	
Wisconsin		$3,460	
Wyoming		$492	
Puerto Rico		$174	
Virgin Islands		$288	

Data Sources: FmHA 513-B Report —
"Average Rental Assistance Payment State Summary.

IX. B. FY 84 RECIPIENT CHARACTERISTICS
10.427 RURAL RENTAL ASSISTANCE (SECTION 521)

		Units Served	(1)
United States		88,612	
Alabama		2,317	
Alaska		308	
Arizona		641	
Arkansas		1,041	
California		6,269	
Colorado		545	
Connecticut		679	
Delaware		242	
D. C.		0	
Florida		3,770	
Georgia		1,373	
Hawaii		116	
Idaho		2,112	
Illinois		3,596	
Indiana		3,886	
Iowa		4,359	
Kansas		1,197	
Kentucky		1,168	
Louisiana		1,499	
Maine		2,819	
Maryland		631	
Massachusetts		637	
Michigan		3,758	
Minnesota		2,816	
Mississippi		2,744	
Missouri		3,087	
Montana		755	
Nebraska		719	
Nevada		379	
New Hampshire		603	
New Jersey		830	
New Mexico		728	
New York		2,042	
N. Carolina		2,972	
N. Dakota		1,242	
Ohio		3,946	
Oklahoma		691	
Oregon		2,177	
Pennsylvania		2,388	
Rhode Island		123	
S. Carolina		1,248	
S. Dakota		2,162	
Tennessee		1,346	
Texas		2,419	
Utah		402	
Vermont		244	
Virginia		1,625	
Washington		2,869	
W. Virginia		1,305	
Wisconsin		3,233	
Wyoming		352	
Puerto Rico		108	
Virgin Islands		114	

Data Sources: FmHA 513-B Report —
"Average Rental Assistance Payment State Summary"

(1) Units served were calculated by dividing total number of benefit payments made by FmHA annually by 12 months.

X. B. MEAN FY 84 ANNUAL COSTS PER UNIT SERVED (1)
10.427 RURAL RENTAL ASSISTANCE (SECTION 521)

	Total
United States	$1,326
Alabama	$1,591
Alaska	$2,142
Arizona	$1,829
Arkansas	$1,283
California	$1,429
Colorado	$1,561
Connecticut	$1,256
Delaware	$1,384
D. C.	$0
Florida	$1,387
Georgia	$1,212
Hawaii	$2,102
Idaho	$1,319
Illinois	$1,535
Indiana	$1,080
Iowa	$1,002
Kansas	$847
Kentucky	$1,572
Louisiana	$1,260
Maine	$1,748
Maryland	$1,622
Massachusetts	$1,734
Michigan	$1,244
Minnesota	$1,014
Mississippi	$1,423
Missouri	$468
Montana	$1,146
Nebraska	$1,144
Nevada	$1,969
New Hampshire	$1,756
New Jersey	$2,294
New Mexico	$1,811
New York	$1,572
N. Carolina	$1,279
N. Dakota	$1,114
Ohio	$1,326
Oklahoma	$1,356
Oregon	$1,348
Pennsylvania	$1,511
Rhode Island	$1,644
S. Carolina	$1,317
S. Dakota	$1,072
Tennessee	$1,515
Texas	$1,369
Utah	$1,910
Vermont	$1,521
Virginia	$1,409
Washington	$1,243
W. Virginia	$1,719
Wisconsin	$1,070
Wyoming	$1,399
Puerto Rico	$1,608
Virgin Islands	$2,527

Data Sources: FmHA 513-B Report —
"Average Rental Assistance Payment State Summary."

(1) Mean Unit Costs were calculated by dividing the Total Benefits on Table VIII. B. by the Units Served on Table IX. B.

XI. HISTORICAL DATA (Dollars in thousands)
10.427 RURAL RENTAL ASSISTANCE (SECTION 521)

Federal Fiscal Year	Total Federal Outlays	(1)	Units Served	(2)
1985	$104,645			
1984	$112,769		88,815	
1983	$103,101		78,838	
1982	$82,830		69,158	
1981	$57,525		55,554	
1980	$31,283		31,782	
1979	$14,115			
1978	$2,404			
1977				
1976				
1975				
1974				
1973				
1972				
1971				
1970				
1969				
1968				
1967				
1966				
1965				
1964				
1963				
1962				
1961				
1960				

Data Sources: FmHA Budget Office Records

(1) FmHA actual budget outlays by fiscal year minus cancellations.
(2) Estimate of units based on actual budget outlays.

EMERGENCY FOOD AND SHELTER PROGRAM

I. PROGRAM SUMMARY

The Emergency Food and Shelter (EFS) Program was established in 1983 as an emergency program to provide additional, flexible resources to address the problems of hunger and homelessness. The EFS program was specifically intended and designed to supplement existing programs and is fully funded by the federal government. In FY 1985, $70 million, which was appropriated for EFS in Pub. L. 98-396, provided a total of about 60 million meals and 18 million nights of shelter were provided.

The EFS program is administered by a National Board chaired by the Federal Emergency Management Agency. The National Board allocates the federal funds to Local Boards in qualifying jurisdictions, which are determined by the number and percentage of persons unemployed or with incomes below the federal poverty guidelines. The National Board is composed of FEMA and representatives of the United Way of America, the Salvation Army, the National Council of Churches, Conference of Catholic Charities, the Council of Jewish Federations, and the American Red Cross. Local Boards have similar compositions, with a mayor or other appropriate head of government in place of FEMA. The Local Boards decide which local nonprofit organizations and public agencies will receive grants.

As an explicitly supplemental program, the EFS National Board does not prescribe income or asset limits, work requirements, or other standards used by the local organizations in determining eligibility. The National Board, however, does set some limits on the use of EFS funds, such as a two percent cap on administrative costs.

In addition to temporary shelter and meals, the EFS program provides assistance intended to enable families and individuals to avoid becoming homeless. Such assistance includes rent, mortgage, and utility payments which are limited to one month. Such assistance may be available from other programs, but it is the National Board's intent that EFS benefits should be the program of last resort.

II. ADMINISTRATION

A. Program name: Emergency Food and Shelter Program.

B. Catalog of Federal Domestic Assistance No.: None.
Budget account number(s): None.

C. Current authorizing statute: EFS was established under Public Laws 98-8, 98-151, 98-181, 98-396, 99-88, 99-160, 99-500, and 100-6.

D. Location of program regulations in the Code of Federal Regulations: Federal Register, Vol. 52, No. 1, January 2, 1986, pp. 149-160.

E. Federal administering agency: Federal Emergency Management Agency (FEMA).

F. Primary grantee (if any) receiving program funds to provide benefits: The National Board of Emergency Food and Shelter Program is chaired by FEMA and composed of representatives of the United Way of America, the Salvation Army, the National Council of Churches of Christ in the United States of America, Catholic Charities USA, the American Red Cross, and the Council of Jewish Federations.

G. Subgrantee (if any) receiving program funds to provide benefits: Private nonprofit organizations and local public agencies receive the program funds and provide the benefits. The determination of which agencies are to be funded is made by Local Boards made up, when possible, of the affiliates of the same voluntary organizations represented on the National Board plus other appropriate local agencies. The role of FEMA is assumed by a local government official.

H. Allocation of federal funds.

For FY 1986, $90 million was distributed through the National Board to local recipient organizations in qualifying jurisdictions. Unemployment data for the period of October 1984 through September 1985 and poverty data from the 1980 Census were used to select the following jurisdictional categories:

(1) Jurisdictions, including the balance of counties, with more than 18,000 unemployed and a 6.2 percent rate of unemployment;

(2) Jurisdictions, including the balance of counties, with 1,000 to 17,999 unemployed and a rate of unemployment of at least 11 percent;

(3) Jurisdictions, including the balance of counties, with 1,000 to 17,999 unemployed and a rate of poverty of at least 6.2 percent.

Varying rates were selected to recognize dynamics such as urban area attraction of the homeless and hungry. The use of poverty data reflects that many persons in need are not shown in published unemployment statistics.

I. Role of state and local governments in administering the program.

Local officials often serve on the local boards that make decisions on which social service agencies will be funded.

J. Audit or quality control.

The Emergency Food and Shelter National Board provides both a Program Plan and a handbook on required documentation and reporting. The error rate, as defined by the amount of ineligible spending in FY 1985, was established by Arthur Andersen and Co. to be two percent. Two percent is also the legally mandated limit on administrative costs for the program.

All award amounts must be accounted for in eligible program costs. Those recipients unable to meet that requirement have their funds placed in escrow until all expenditures are documented. Failure to adhere to reporting documentation results in expulsion from the program and a subsequent billing by FEMA for unaccounted funds.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The program came into being in 1983 as an emergency program to address hunger and homelessness. It is specifically aimed at supplementing and extending already available resources addressing these problems.

B. Allocation of program funds among various activities.

There is no strict division of funds by category. Decisions on where to target funds are made by the local boards in the respective communities receiving funding. However, administrative costs may not exceed two percent.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

The program is open to individuals and families in need of food or shelter.

B. Income eligibility standards.

The National Board does not prescribe income eligibility standards. Determination of need is made at the local level, though the National Board requires certain documentation for some forms of assistance.

C. Other eligibility requirements.

The payment of one month's rent, mortgage or utility bill requires a listing of a residence, if any, along with either an eviction notice, a past-due rent or mortgage bill, or a utility bill depending upon the type of assistance being requested.

Local recipient organizations have already set their own requirements in their ongoing programs and can set further standards to ensure the proper expenditure of funds.

D. Other income a recipient unit is required or expected to spend to receive benefits.

None.

V. BENEFITS AND SERVICES

A. Program intake processes.

Program intake is by voluntary application.

B. Program benefits or services.

The EFS provides food and shelter. The EFS funds support the purchase and delivery of food by the local recipient organization and the structural improvement (up to code) of existing shelter facilities. The program also includes assistance that enables families and individuals to maintain their existing shelter. Such assistance includes rent, mortgage, and utility payments which are limited to one month.

C. Duration of benefits.

The National Board has restricted assistance with rent, mortgage or utility payments to one month. Restrictions on food and shelter are determined by the local organizations.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

National Board policy is to invest local boards with the authority to make determinations of recipient eligibility. Some may provide automatic eligibility for recipients of the public assistance programs.

B. Counting assistance from other programs.

The National Board urges local boards to note the available subsidy benefits already available (such as energy assistance programs) and not duplicate those efforts.

C. Overlapping authorities and benefits.

Within the law governing this program, the National Board states in the preamble to the Program Plan that the intent is to "extend current available resources and not to substitute or reimburse ongoing programs...." Local boards are advised to coordinate their activities with other federal and state programs.

Emergency food and shelter may also be funded under the Emergency Assistance for Needy Families program, Food Donations, Community Service Block Grant, and Temporary Emergency Food Assistance program.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

None.

B. Appropriating subcommittees appropriate funds for this program.

Senate

Subcommittee on HUD - Independent Agencies

House of Representatives

Subcommittee on HUD - Independent Agencies

C. Other committees and subcommittees have held hearings on this program within the past two years.

Senate and House housing subcommittees.

D. Federal legislation.

The "Jobs Stimulus Bill," Pub. L. 98-8 provided $50 million for emergency food and shelter to FEMA for allocation by a National Board between March 1983 and March 1984. The Board, chaired by FEMA, included representatives from national agencies with a history of service.

Additional appropriations were made in November 1983 (Pub. L. 98-151 and 98-181) for $40 million, August 1984 (Pub. L. 98-396) for $70 million.

Pub. L. 99-88 provided $20 million and required that local organizations failing to report and document expenditures under previous programs not be eligible for additional funding.

Further funding was provided under Pub. L. 99-160 for $70 million, Pub. L. 99-500 for $70 million, and most recently Pub. L. 100-6 for $45 million.

XI. HISTORICAL DATA (In thousands)
EMERGENCY FOOD AND SHELTER PROGRAM

Federal Fiscal Year		Total Federal Outlays	(1)
1985		$69,370	
1984		$57,956	
1983		$79,375	
1982			
1981			
1980			
1979			
1978			
1977			
1976			
1975			
1974			
1973			
1972			
1971			
1970			
1969			
1968			
1967			
1966			
1965			
1964			
1963			
1962			
1961			
1960			

(1) Since the program began in 1983, FEMA estimates that the program has provided a total of 205 million meals served and 41 million nights of shelter.

INDIAN HOUSING IMPROVEMENT PROGRAM

I. PROGRAM SUMMARY

The Indian Housing Improvement Program (HIP) provides federal grants to provide decent, safe and sanitary housing in Indian communities. The bulk of the program is administered by tribes or tribal organizations under contract with the Bureau of Indian Affiars (BIA). In some instances, the program is administered directly by BIA. State governments play no direct role in HIP.

The program repairs and rehabilitates existing substandard housing. Construction of new housing is provided only when no other program will meet the need and when only a small number of houses are needed, typically in isolated areas. The maximum grants permitted under HIP for one dwelling are $2,500 for temporary repairs, $20,000 to bring a home up to code, $5,000 for a down payment on a housing loan, and $45,000 for new standard housing ($55,000 in Alaska only).

In FY 1985, HIP improved or constructed about 2,834 dwellings at a total federal cost of about $23 million. The allocation of HIP funds is based on a nationwide inventory of Indian housing needs. Priorities are set by the tribes at the local level and take into account family size and income, the condition of present housing, and the availability of other federally-assisted housing programs. The program is fully funded by the federal government.

Eligibility is limited to low income Indian families who live on reservations or other Indian areas. Low income is defined as household income that does not exceed 125 percent of the federal poverty guidelines. Applicants may not have received HIP benefits before, must own either a home (for repairs) or land (for construction), and may not be eligible for any other federal housing benefits. In addition, some tribes set asset limits or require that recipients be elderly or handicapped.

Every effort is made to use HIP funds in conjunction with other programs to improve a greater number of dwellings. Weatherization assistance, for example, may provide insulation for a home while HIP provides other repairs to make the house standard. The assistance rendered by HIP is a one-time grant: recipients are required to perform needed maintenance and upkeep.

II. ADMINISTRATION

A. Program name: Indian Housing Improvement Program.

B. Catalog of Federal Domestic Assistance No.: 15.141
Budget account number(s): 14X-2301-0-1-452.

C. Current authorizing statute: The Synder Act, November 2, 1921; 42 Stat. 20P; Pub. L. 67-85; 25 U.S.C. 13.

D. Location of program regulations in the Code of Federal Regulations: 25 CFR, Subchapter K. Part 256.

E. Federal administering agency: Bureau of Indian Affairs, Department of the Interior.

F. Primary grantee (if any) receiving program funds to provide benefits: Tribal organizations.

G. Subgrantee (if any) receiving program funds to provide benefits: None.

H. Allocation of federal funds.

The Housing Improvement (HIP) funds are allocated on a distribution system developed on the basis of tribal inventories of housing needs and tribal plans ranging from one to twenty years. When tribal inventories are received, a determination HIP's responsibility for the total housing need is made. HIP's major thrust is to repair and renovate existing structurally sound housing units. BIA provides new housing construction only for families who are not eligible for housing assistance from any other source.

For calculating the total dollars that would be associated with total estimated need based on the inventory, the units of new housing and repairs are multiplied by averages of $36,000 for new, and $8,000 for repairs respectively. Since total funding needs are far in excess of what could be reasonably expected to be appropriated in any given fiscal year, the HIP distribution system is based on tribal plans ranging from one to twenty years depending on need. The breakdown of need and related number of years in the plan are as follows:

Need	Number of Years in the Plan
$ 100,000	One Year
100,000 - 199,999	Two Years
200,000 - 499,999	Three Years
500,000 - 999,999	Five Years
1 Million - 4,999,999	Ten Years
5 Million - 9,999,999	Fifteen Years
10 Million and Over	Twenty Years

Thus, each tribe's total funding need, based on their inventory, is divided by the number of years in the plan to determine that tribe's annual base amount. If the annual appropriation does not meet the annual tribal funding needs, tribes receive a proportionate amount of their annual base funding amount depending on the appropriation level of a particular year.

I. Role of state and local governments in administering the program.

The bulk of the program is administered by tribes or tribal organizations and in some instances it is administered by the Bureau of Indian Affairs. State governments play no direct role in HIP. While grants are for individual needy Indians, where the program is administered by tribes, funds are contracted to tribes to provide the housing assistance to eligible applicants. Where it is administered by the BIA, grants are made directly to individuals for the needed material and labor costs.

III. OBJECTIVES

A. Explicit statutory and regulatory objectives for which the benefits are authorized.

The objective of HIP is to provide for decent, safe, and sanitary housing through the repair and rehabilitation of existing housing and construction of new housing.

B. Allocation of program funds among activities.

Sixty-five percent of funds are allocated for repairs and 35 percent for new housing.

IV. BENEFICIARY ELIGIBILITY

A. Unit for which eligibility for program benefits is determined.

Eligibility is limited to low income Indian families.

B. Income eligibility standards.

Eligibility is limited to households with income at or below 125 percent of the poverty income guidelines.

Some tribes set assets tests for eligibility for HIP assistance. The tests vary from tribe to tribe.

C. Other eligibility requirements.

Individuals participating in the program must be federally recognized Indians, who have not received HIP benefits before, are not eligible for any other federally-assisted housing programs, and own homes (for repairs) or have land (for new housing).

Some tribes target aid exclusively to the elderly or handicapped.

D. Other income a recipient is required or expected to spend to receive benefits.

None.

V. BENEFITS AND SERVICES

A. Program intake processes.

All intake is by voluntary application.

B. Program benefits or services.

Regulations established cost limits under repair or new construction. Within these limits, tribal organizations determine amounts for repair or construction based upon individual circumstances.

The program repairs and rehabilitates existing substandard housing. Construction of new housing is provided only when no other program will meet the need and when only a small number of houses are needed, typically in isolated areas. The maximum grants permitted under HIP for one dwelling are $2,500 for temporary repairs, $20,000 to bring a home up to code, $5,000 for a down payment on a housing loan, and $45,000 for new standard housing ($55,000 in Alaska only).

C. Duration of benefits.

The assistance rendered by HIP is a one-time grant.

VI. PROGRAM LINKAGE AND OVERLAP

A. Categorical or automatic eligibility or ineligibility.

For repairs, many tribes participate in CDBG and the Weatherization Assistance Program. In these instances, HIP is used only to make up the difference between the amount provided by other programs and the amount needed to complete the construction work. However, participation in these programs often does confer HIP eligibility.

For new housing, eligibility for any other federally assisted housing program precludes participation in HIP.

B. Counting assistance from other programs.

Benefits from cash public assistance programs are counted as income in determining eligibility.

C. Overlapping authorities and benefits.

Indians eligible for HIP may be eligible for a wide range of cash and non-cash programs intended to provide for basic needs, including housing. Weatherization and repairs may be funded through a variety of programs, such as the Weatherization Assistance Program, LIHEAP, and CDBG, as well as HIP.

VII. LEGISLATIVE ENVIRONMENT

A. Authorizing committees and subcommittees in the Senate and the House of Representatives.

Senate

Select Committee on Indian Affairs

House of Representatives

Committee on Interior and Insular Affairs

B. Appropriating subcommittees.

Senate

Subcommittee on Interior and Related Agencies

House of Representatives

Subcommittee on Interior and Related Agencies

C. Other committees and subcommittees holding hearings on this program within the past two years.

None.

D. Federal legislation.

The Snyder Act of 1921 was the original authorizing legislation. There have been no major legislative changes since the program's inception in 1968.

E. Major federal implementing regulations and regulatory changes.

To prevent undue profit from federal grant money, regulations required return of the house or pay back if the family does not reside in the house for a minimum of 20 years.

XI. HISTORICAL DATA (Dollars in thousands)
15.141 INDIAN HOUSING IMPROVEMENT PROGRAM

Federal Fiscal Year	Total Federal Outlays	Dwellings Served	Federal Staff
1985	$22,736	2,834	80
1984	$22,068	4,695	84
1983	$23,298	4,462	84
1982	$22,810	4,191	103
1981	$22,693	4,715	101
1980	$19,380	4,378	114
1979	$24,438	5,143	116
1978	$20,353	4,392	121
1977	$14,401	4,530	105
1976	$14,359	3,596	
1975	$13,203	4,170	
1974	$12,906	4,420	
1973	$12,944	5,073	
1972	$10,992	4,996	
1971	$8,817	4,447	
1970	$7,774	4,229	
1969	$3,671	2,837	
1968	$3,100	867	
1967			
1966			
1965			
1964			
1963			
1962			
1961			
1960			

Data Sources: Bureau of Indian Affairs

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